

EXECUTIVE BRANCH GATT STUDY No. 13

AN ANALYSIS OF WHETHER OR NOT
GREATER FLEXIBILITY IN FOREIGN
EXCHANGE RATES WOULD SERVE IN
THE INTERESTS OF UNITED STATES
AND WORLD TRADE

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*

STUDY PREPARED BY THE EXECUTIVE BRANCH
AT THE REQUEST OF
ABRAHAM RIBICOFF, *Chairman*,
SUBCOMMITTEE ON INTERNATIONAL TRADE



OCTOBER 1973

Printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : ? :

21-S34

COMMITTEE ON FINANCE

RUSSELL B. LONG, Louisiana, *Chairman*

HERMAN E. TALMADGE, Georgia

VANCE HARTEE, Indiana

J. W. FULBRIGHT, Arkansas

ABRAHAM RIBICOFF, Connecticut

HARRY F. BYRD, Jr., Virginia

GAYLORD NELSON, Wisconsin

WALTER F. MONDALE, Minnesota

MIKE GRAVEL, Alaska

LLOYD BENTSEN, Texas

WALLACE F. BENNETT, Utah

CARL T. CURTIS, Nebraska

PAUL J. FANNIN, Arizona

CLIFFORD P. HANSEN, Wyoming

ROBERT DOLE, Kansas

BOB PACKWOOD, Oregon

WILLIAM V. ROTH, Jr., Delaware

MICHAEL STERN, *Assistant Chief Clerk*

SUBCHAPTER ON INTERNATIONAL TRADE

ABRAHAM RIBICOFF, Connecticut, *Chairman*

HERMAN E. TALMADGE, Georgia

GAYLORD NELSON, Wisconsin

WALTER F. MONDALE, Minnesota

LLOYD BENTSEN, Texas

PAUL J. FANNIN, Arizona

CARL T. CURTIS, Nebraska

CLIFFORD P. HANSEN, Wyoming

BOB PACKWOOD, Oregon

ROBERT A. BEST *Professional Staff*

(II)

“An Analysis of Whether or Not Greater Flexibility in Foreign Exchange Rates Would Serve in the Interests of United States and World Trade.”

The question whether greater exchange rate flexibility is in the interests of U.S. and world trade can be assessed in terms of two somewhat different considerations:

- first, whether greater flexibility can contribute to a better world payments equilibrium and thereby to an atmosphere more conducive to a rational expansion of world trade free from governmental restriction or inducement; and
- second, a more technical question whether greater rate flexibility necessarily tends through increased risk to raise the cost of international transactions and thereby to reduce the volume of trade as compared with a system of “fixed” rates.

Our judgment is that the answer to the first question is positive. It is widely acknowledged that a major factor leading to the increasing instability and eventual collapse of the Bretton Woods monetary system was the failure of countries to implement effective and timely policies to moderate their balance of payments surpluses and deficits. It is also generally agreed that a major factor contributing to inadequate adjustment was the rigidity of the exchange rate mechanism and that greater exchange rate flexibility is a basic need of a reformed system. The United States strongly supports this view. More flexible exchange rate arrangements need not mean less stable exchange rates—a more adaptable exchange rate mechanism can contribute to a greater stability of the system as a whole.

The U.S. has presented comprehensive proposals to the Committee of Twenty—the group charged with negotiation of world monetary reform—which would provide strong and balanced incentives for adjustment of payments disequilibria and which incorporate provisions for more flexible use of the exchange rate mechanism. We believe that these proposals would greatly improve the process of balance of payments adjustment and provide a sounder and more stable basis for the development of U.S. and world trade in the future.

While the U.S. proposals assume that most countries will wish to maintain stable but adjustable par values for their currencies most of the time (which should be adjusted in a timely manner when they become inappropriate), they also recognize the contribution that more innovative techniques—wider margins of exchange rate fluctuation and floating exchange rates—can make toward an improved process of balance of payments adjustment. Specifically, the United States has proposed:

1. That wider margins of exchange rate fluctuation (on the order of the 2¼ percent margins agreed provisionally in the Smithsonian Agreement of 1971) be made a permanent feature of the system; and that these wider margins be available for use

by all countries, including the United States, in contrast to the arrangements in the past. We believe that arguments in favor of wider margins are persuasive, in particular:

(a) that they can help to discourage disequilibrating capital flows, thus absorbing pressures which would otherwise bring large changes in reserves and/or lead countries to impose controls on trade and payments;

(b) that they permit greater independence for national monetary policies by reducing the sensitivity of mobile capital to differences in money market conditions among nations; and

(c) that they can facilitate small changes in par value.

2. That countries be permitted to float their exchange rates, under appropriate international surveillance and agreed standards. Exchange rate floats can provide a useful means of responding to destabilizing capital flows, particularly in periods of pronounced exchange market uncertainty; greatly facilitate a transition from one par value to another, particularly where there is considerable uncertainty as to the appropriate level of the exchange rate; and provide a mechanism for payments adjustment more closely responsive to market forces over a more extended period.

With respect to the second question, we find no persuasive evidence that greater exchange rate flexibility has a damaging impact on trade. It should be noted that the term "greater flexibility" can cover various arrangements significantly different in technical detail. What the U.S. has proposed, and what is being discussed in the reform negotiations, is a system centered on stable but adjustable par values, with wider margins and provision for floating in particular circumstances. Neither a generalized freely floating exchange rate regime nor a system of "crawling exchange rate pegs" is envisaged as the result of reform or is under international discussion in the reform effort.

Nevertheless, the limited evidence available regarding the effects of more flexible exchange rates on trade relates primarily to experience with floating rates - the extended float of the Canadian dollar between 1950 and 1962, and the interim floating arrangements that were adopted by most industrial countries in mid-March 1973. Our analysis of the Canadian experience has produced no evidence that the flexible exchange rate regime adopted by Canada during 1950-1962 had an adverse impact on Canadian trade or that of other countries. Nor does the recent experience with widespread floating—although brief and under most difficult circumstances—lend support to the hypothesis that greater flexibility harms world trade. Such evidence as is available, while not conclusive for the longer run, suggests that the present transitional arrangements have not seriously affected, in one direction or another, the volume of world trade.

In conclusion, we believe that a reformed monetary system must yield more prompt, effective, and symmetrical payments adjustment than in the past. This is essential if we are to avoid the imbalances, uncertainties, and crises of recent years, and the tendencies toward damaging trade restrictions and protectionism which they produce. Greater flexibility of exchange rates—through wider margins and exchange rate floats, as well as more timely discrete changes in par value—is one essential element of an improved adjustment process and monetary system. Our judgment is that possible adverse technical effects of greater flexibility, if any, are outweighed by the benefits for U.S. and world trade to be derived from the contribution of more adaptable exchange rate arrangements to a smoothly operating process of balance of payments adjustment.



FOREIGN INDEBTEDNESS TO THE UNITED STATES

COMMITTEE ON FINANCE
UNITED STATES SENATE

RUSSELL B. LONG, *Chairman*

Briefing Material Prepared by the Staff of the
Committee on Finance for the Use of the

SELECT COMMITTEE ON INTERNATIONAL
FINANCE AND RESOURCES

HARRY F. BYRD, JR., *Chairman*



OCTOBER 29, 1973

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1973

22-892

COMMITTEE ON FINANCE

RUSSELL B. LONG, Louisiana, *Chairman*

HERMAN E. TALMADGE, Georgia
VANCE HARTKE, Indiana
J. W. FULBRIGHT, Arkansas
ABRAHAM RIBICOFF, Connecticut
HARRY F. BYRD, Jr., Virginia
GAYLORD NELSON, Wisconsin
WALTER F. MONDALE, Minnesota
MIKE GRAVEL, Alaska
LLOYD BENTSEN, Texas

WALLACE F. BENNETT, Utah
CARL T. CURTIS, Nebraska
PAUL J. FANNIN, Arizona
CLIFFORD P. HANSEN, Wyoming
ROBERT DOLE, Kansas
BOB PACKWOOD, Oregon
WILLIAM V. ROTH, Jr., Delaware

MICHAEL STERN, *Staff Director*

SUBCOMMITTEE ON INTERNATIONAL FINANCE AND RESOURCES

HARRY F. BYRD, Jr., Virginia, *Chairman*

VANCE HARTKE, Indiana
MIKE GRAVEL, Alaska

ROBERT DOLE, Kansas
WILLIAM V. ROTH, Jr., Delaware

ROBERT A. BEST, *Professional Staff*

CONTENTS

	Page
Foreign indebtedness to the U.S. Arising From World War I_	3
World War I Indebtedness (table)-----	3
Foreign Indebtedness to the U.S. Arising From World War II_	4
Status of World War II Accounts Under Lend-Lease and Surplus Property Agreements as of June 30, 1972 (table)-----	5
The Soviet Lend-Lease Debt and Settlement-----	6
Terms of the British and Soviet Lend-Lease Settlements (table)-----	8
Post-World War II Foreign Indebtedness to the U.S.-----	9
Overseas Loans and Grants—Summaries for all Countries (table)-----	10
Delinquent Foreign Indebtedness to the U.S.-----	11
Reporting and Settlement of Foreign Debts-----	11
Executive and Legislative Participation in Debt Re- negotiations-----	12
Debt Obligations and International Monetary Reform-----	14
U.S. Monetary Reserves, and Liquid Liabilities to foreigners-----	15
Summary and Conclusion-----	15

Appendix A

Rescheduling of Indonesian Debt to the United States— Opinion of the Attorney General of the United States-----	17
--	----

Appendix B

World War I Indebtedness-----	25
-------------------------------	----

Appendix C

Statistical Material:

Table A.—Overseas Loans and Grants, 1964–72, Summary for all Countries.....	Page 32
Table B-1.—Indebtedness of Foreign Governments to the United States arising From World War I as of June 30, 1972.....	36
Table B-2.—Status of German World War I Indebtedness as of June 30, 1972.....	37
Table C-1.—Foreign Loans and Other Credits of U.S. Government Agencies, as of June 30, 1972, Summary by Program.....	38
Table C-2.—Foreign Loans and Other Credits of United States Government Agencies, as of June 30, 1972; Summary by Area and Country.....	42
Table C-3.—Foreign Loans and Other Credits of U.S. Government Agencies, as of Dec. 31, 1972, summary by area and country.....	50
Table D.—Status of Accounts Under Lend-Lease and Surplus Property Agreements (World War II) as of June 30, 1972.....	55
Table E-1.—Status and Dollar Repayable AID and Predecessor Agency Loans as of June 30, 1973.....	58
Table E-2.—Status of Dollar Repayable Public Law 480 Loans, as of June 30, 1973.....	60
Table E-3.—U.S. Military Export Sales.....	61
Table F.—Comparison of Outstanding Loans, U.S. Assistance, and Liquid Liabilities.....	62

FOREIGN INDEBTEDNESS TO THE UNITED STATES

Since 1917 the United States Government has transferred abroad (loans and grants) approximately \$258 billion in financial resources, almost \$200 billion of which has been committed since World War II. The breakdown of this foreign assistance is as follows:

	(billions of dollars)
World War I.....	¹ 12. 2
World War II (Lend-Lease).....	50. 2
Post-World War II.....	² 195. 6
Total.....	258. 0

¹ Excludes interest.

² Includes \$11.1 billion in fiscal year 1973 and a projected \$11 billion for fiscal year 1974. The \$11 billion estimate for fiscal year 1974 does not include any expected increases in aid resulting from the Middle East War. (See Table A.)

More than \$130 billion of the post-World War II aid has been in the form of grants. Of the estimated \$60 billion the U.S. has loaned abroad since World War II, approximately \$25 billion has been repaid.

Total foreign indebtedness to the U.S. Government now exceeds \$55.2 billion by one calculation and may approach \$60 billion, according to another estimate. The \$55.2 billion figure is the sum of outstanding World War I debts (\$24.6 billion, including interest, as of June 30, 1972; see Tables B-1 and B-2) and the total of outstanding foreign loans and credits of U.S. Government agencies incurred after 1941 as reported by Treasury (\$30.6 billion as of June 30, 1972; see Tables C-1 and C-2). The \$60 billion estimate¹ is obtained by broadening the definition of "debts," to include, for example, indebtedness due on unsettled international claims. Estimates of foreign indebtedness to the U.S. moreover, are based upon figures which have been reduced from original obligations due to negotiated settlements, re-schedulings, and cancellations.

As of June 30, 1972, Treasury reported 105 foreign countries and international organizations with delinquent debts (principal and

¹ The \$60 billion figure is the estimate of the House Government Operations Subcommittee on Foreign Operations and Government Information. "Delinquent International Debts Owed to the United States." Hearings of the Subcommittee on Foreign Operations and Government Information, Committee on Government Operations, U.S. House of Representatives, 93d Congress, July 24, 1973.

interest due and unpaid ninety days or more) to U.S. Government agencies totaling \$678 million. This figure excludes World War I debts and certain lend lease obligations.

The Attorney General of the United States issued an opinion on December 24, 1970 (at the request of the Secretary of Treasury) stating that the Executive has authority to renegotiate the terms of loans and credits under the Foreign Assistance Act of 1961, as amended, Public Law 480 long-term dollar sales and export credits under the Export-Import Bank Act of 1945, as amended. Such "debt reschedulings," as they are termed, have occurred regularly in recent years, and although such actions provide foreign assistance to debt burdened countries they are not included in the President's proposals for new economic assistance and thereby reduce the apparent funding requirements of aid-disbursing agencies.

Neither the Congress nor the courts have challenged the Attorney General's decision regarding the power of the Executive to reschedule or cancel debt obligations of foreign countries to the U.S. In 1966 the Congress adopted an amendment (known as the Dirksen Amendment, Section 620(r) of the Foreign Assistance Act of 1961) which provides that:

No recipient of a loan under the authority of this Act, any part of which is outstanding on or after the date of enactment of this subsection [Sept. 19, 1966], shall be relieved of liability for repayment of any part of the principal of or interest on such loan.

Notwithstanding this provision of law, the Executive continues to hold it has authority to renegotiate and even forgive foreign indebtedness. The basis for this position is that the Dirksen Amendment relates only to loans "made under the authority of this act," i.e., the Foreign Assistance Act—and therefore the Executive can reschedule debt obligations made under other provisions of law.²

A recent case of Executive branch debt renegotiations involves India where the Executive, under terms negotiated by U.S. Ambassador to India Daniel P. Moynihan, agreed to write-off virtually all of the \$3 billion debt India has to the U.S. By a vote of 67 to 18, the U.S. Senate adopted an amendment offered to the Defense Appropriation Authorization Act of 1974 by Senator Harry F. Byrd, Jr., Chairman of the Subcommittee on International Finance and Resources of the Senate Committee on Finance, the effect of which would require Congressional approval of the India Loan Settlement. The amendment is now pending before the Congress.

² The opinion of the Attorney General on the rescheduling of the Indonesian debt to the U.S. is reprinted as appendix A.

Foreign Indebtedness to the U.S. Arising From World War I

As of June 30, 1972, Treasury reported the outstanding indebtedness of foreign Governments to the U.S. arising from World War I at \$24.6 billion (principal and interest due and unpaid) including \$1.6 billion in German World War I indebtedness. Tables B-1 and B-2 in Appendix C provide a breakdown of World War I debts, both conventional debts and German indebtedness, as of June 30, 1972. A summary of World War I indebtedness is shown below.

World War I Indebtedness

Original indebtedness.....	\$12, 195, 087
Interest through June 30, 1972.....	13, 605, 247
Total.....	<u>25, 800, 334</u>
Payments:	
Principal.....	762, 401
Interest.....	2, 000, 919
Total.....	<u>2, 763, 320</u>
Total outstanding.....	<u>23, 037, 014</u>
Unmatured principal.....	4, 697, 232
Principal and interest due and unpaid.....	¹ 18, 339, 774

¹ Excludes \$1.6 billion German World War I indebtedness.

The bulk of World War I debts to this country arose when the U.S. extended assistance to foreign countries in the form of cash loans or other credits toward (and immediately following) the end of the war.

In the post-war years, repayment of the debts was compounded by transfer problems created by altered currency values and later, by increases in U.S. tariffs which hampered the inflow of goods and services. The repayment of the debts was further compounded by the decision of foreign governments, particularly the French Government, to link war debt payments with the receipt of an equivalent amount of their entitlement to German reparations. In 1924, the Dawes Plan scaled down Germany's reparations payments and made available to the German Government loans from private lenders, enabling the German Government to make reparations payments for a few years. In turn, the governments receiving reparations payments made payments on their war debts. With the onset of the depression and the declaration of a moratorium on repayments by President Hoover in 1931, repayments for the most part ceased.

Tables B-1 and B-2 provide the status of World War I indebtedness to the U.S., as of June 30, 1972. It should be noted that of the debtor nations the Soviet Union does not recognize debts incurred by Russian

pre-Bolshevik Governments, Armenia does not exist as an independent nation, and Estonia, Latvia, and Lithuania were annexed by the Soviet Union as constituent republics during World War II. During fiscal year 1972, the Governments of Finland and Greece made payments of \$353,545 and \$328,898.02, respectively, on their World War I debt accounts.

The defaulting of World War I debts to the U.S. prompted the Congress in 1934 to enact the Johnson Debt Default Act (48 Stat. 574; 18 U.S.C. 955 as amended) which prohibits the extension of long-term private credit to nations in default on earlier obligations to the U.S., unless the U.S. is participating in such credit or the nation concerned is a member of both the World Bank and the International Monetary Fund.³

Foreign countries indebted to the U.S. have never denied the validity of their World War I obligations. They have, however, generally taken the view that payment to the U.S. of the sums agreed upon is still contingent upon their receiving payments from Germany, a position which the U.S. has never officially recognized. The question of World War I claims was deferred "until a final general settlement of this matter" by the London Agreement on German External Debts, concluded in 1953. This agreement, to which the U.S. is a party, has the status of a treaty and, in the opinion of some, has the practical effect of barring recovery of World War I debts as a matter of international politics if not international law. A working group of the National Advisory Council on International Monetary and Financial Policies has been reviewing the status of World War I indebtedness, and is expected to issue a future report, presumably including an analysis of the positions of the West German and East German Governments. A detailed account of World War I indebtedness is contained in Appendix B.

Foreign Indebtedness to the U.S. Arising From World War II

The bulk of foreign indebtedness to the U.S. arising from World War II was incurred under authority of the Lend Lease Act of 1941 and the Surplus Property Act of 1944 and related legislation. As of June 30, 1972, Treasury reported settlement obligations, plus interest, totaling \$5.5 billion under lend lease and property agreements (Table D). Of this amount, \$1.2 billion remained outstanding.⁴ A summary of lend lease obligations follows:

³ Section 706 of the Administration's Trade Reform Act (H.R. 6767) would repeal the Johnson Act. However, the bill as reported by the Committee on Ways and Means does not repeal the Johnson Act (H.R. 10710).

⁴ These figures do not reflect the Soviet Lend Lease settlement of October 1972.

Status of World War II accounts under lend-lease and surplus property agreements as of June 30, 1972

Dollars in thousands

Gross value of U.S. lend-lease assistance.....	¹ 50, 200, 000
Settlement obligations and interest billed (net).....	5, 491, 448
Credits:	
Collections:	
U.S. dollars.....	3, 308, 012
Foreign currency (in U.S. dollar equivalent) ..	660, 025
Other credits.....	334, 688
Total outstanding.....	1, 176, 697
Status of amounts outstanding:	
Amounts past due.....	234, 384
Due over a period of years by agreement.....	942, 314

¹ Rounded.

By far the largest source of World War II indebtedness to the U.S. was the wartime assistance program initiated by the Lend Lease Act of 1941. The Act authorized the President to procure and make available to the government of any country whose defense he deemed vital to the defense of the U.S. a broad range of defense assistance. At the end of World War II, the gross value of assistance under the program totaled \$47.9 billion, with another \$2.3 billion in assistance either en route or otherwise received following the war's end. The net value of lend lease assistance (subtracting "reverse lend lease" received by the U.S.) totaled more than \$40 billion. The British Commonwealth countries received 63 percent of total lend lease aid, the U.S.S.R. 22 percent, and France and its possessions 7 percent. Aid was given to 38 countries, including 19 western hemisphere republics.

Several other types of loan programs were carried on by the U.S. during World War II. Excluding the obligations arising from the post-war settlement of lend-lease accounts, the credits utilized under these programs totaled \$1.1 billion in the five-year period ending June 30, 1945. The Reconstruction Finance Corporation, for example, provided loans of \$417 million to foreign countries, including a loan commitment to Great Britain in July, 1941, of \$425 million of which \$390 million was utilized. British-owned assets in the U.S. and their earnings were pledged as collateral for the loan. The earnings were sufficient to pay off the loan in slightly more than a decade.

In addition to these wartime loans, the U.S. made a series of post-war recovery loans to foreign Governments which ultimately totaled \$10.4 billion. A special loan to Great Britain, for example, agreed to as part of the British lend lease settlement, made available \$3.75 billion at 2 percent interest, repayable over fifty years beginning in 1952.

In bilateral negotiations following World War II, the U.S. sought repayment only for lend lease assistance of value in civilian economies. As of June 30, 1972, settlement obligations and accrued interest totaled \$5,491,448,062.36 ⁵ (Table D).

The Soviet Lend Lease Debt and Settlement

The Soviet lend lease settlement, announced October 18, 1972, is the latest example of U.S. efforts to secure repayment for lend lease obligations (with the Soviet case the most intractable one). The background of the Soviet lend lease indebtedness was summarized by Sidney Weintraub, Deputy Assistant Secretary of State for International Finance and Development, in testimony February 18, 1972, before the House Subcommittee on Foreign Operations and Government Information:

The original value of all lend-lease equipment provided the Soviet Union during World War II is estimated at \$10.8 billion.⁶ This figure excludes both merchant and naval vessels which, for technical reasons, were not included under the lend-lease agreement.

In lend-lease settlement negotiations with all our allies, including the Soviet Union, it was our policy to seek payment only for those goods which had usefulness in the civilian economy. After repeated requests for an inventory of these "civilian-type" articles in the Soviet Union went unanswered, the United States estimated their value at approximately \$2.6 billion.

In reaching agreements with our other World War II allies, we settled for a percentage of the value of the "civilian-type" equipment. As noted in this testimony to which this explanation is appended, the U.S. Government has made specific settlement offers of \$1.3 billion and \$800 million. Both offers were rejected by the Soviet Union. Our present negotiations are approaching a figure which will compare favorably with the final terms reached with other lend-lease recipient countries.⁷

The ships excluded from the lend lease agreement for "technical reasons" included 84 merchant vessels plus naval ships and other water craft in Soviet custody at the end of World War II.

⁵ This figure does not reflect the Soviet lend lease settlement of October 18, 1972.

⁶ The White House Fact Sheet of October 18, 1972 set the total value of assistance at \$11.1 billion.

⁷ "Delinquent International Debts Owed to the United States," hearings of the Subcommittee on Foreign Operations and Government Information, Committee on Government Operations, U.S. House of Representatives, 92d Congress, February 18, 1972, p. 125.

The Soviets took the view that U.S. Lend Lease assistance was not a conventional debt and that the aid was the U.S. contribution to the war effort, an effort in which the Soviet Union had lost more than 20 million lives. In an agreement signed in October, 1945, the Soviet Union agreed to pay for "pipeline" deliveries (deliveries requisitioned or en route at the close of the war) which ultimately totalled \$225.5 million in 22 annual payments at an interest rate of 2½ percent per annum. The Soviet Union has been making payments on the "pipeline" account since 1954, making deductions (unrecognized by the U.S.) for damages allegedly resulting from non-delivery and for damages to Soviet ships in Haiphong during the Vietnam War.⁸

Negotiations over the Lend-Lease debt broke down in 1952 with the U.S. seeking \$800 million and the Soviets offering \$300 million. Negotiations were resumed eight years later but again reached the same deadlock. The principal issues throughout the negotiations were the amount of the total settlement, whether and how much interest should be charged, the length of time for repayment, a grace period, and the right to defer payments under certain conditions. In later years negotiations were complicated by the length of time since World War II, the differential between current interest rates and those prevailing in 1945, and a problem created by the higher tariffs imposed on Soviet products than those on British products during the intervening years.

The lend lease statute grants the Executive wide discretion in settling lend lease debts. The prospect of better relations between the two countries—and particularly the Soviet Union's desire for most-favored-nation (MFN) treatment—led the U.S. and the Soviet Union to resume negotiations over the lend lease debt in August, 1971. The settlement announced on October 18, 1972, resulted from those negotiations.

Under the Lend-Lease Settlement, the Soviets will pay to the U.S. an amount of at least \$722 million over the period ending July 1, 2001. Initial installments were to be as follows: \$12 million on October 18, 1972; \$24 million on July 1, 1973, and \$12 million on July 1, 1975. The balance will be paid in equal annual installments (\$24,071,429 for each of 28 installments assuming the first such annual payment is on July, 1974) ending on July 1, 2001. The exact total amount will depend upon when and how many of the four allowable deferments are taken by the Soviets. If they were to take their four postponements early in the period, interest on the deferments could total \$37 million making the total settlement amount to be paid approximately \$759

⁸ The Soviet "pipeline" account was made part of the lend-lease settlement of October 18, 1972, and presumably the schedule of future payments is contingent upon Congressional approval of most-favored-nation treatment for the Soviet Union.

million. Such deferments, if taken, will nonetheless be repaid by July 1, 2001, and will bear interest at the rate of three percent per annum.

In comparison, the British pay 2 percent interest on any deferments and are permitted to add a year beyond 2000 for each deferment.

Beyond the initial Soviet payments of \$48 million by mid-1975, the payments schedule is triggered by Congress granting the Soviet Union MFN treatment. If MFN is granted between June 1 and December 1, the first lend lease payment is due thirty days later. If MFN is granted from December 2 through May 31 of the following year, the first lend lease payment becomes due on July 1 of that year. Without MFN, the schedule for the repayment of the remaining \$674 million is uncertain.

The following table compares the terms of the British and Soviet lend-lease settlements:

	Great Britain	U.S.S.R.
Total aid extended.....	\$21,500,000,000.....	\$11,100,000,000.
Total amount to be paid..	\$895,000,000 ¹	\$921,000,000. ¹
Grace period.....	5 years.....	None.
Final due date.....	Not before Dec. 31, 2005, but no later than Dec. 31, 2008.	July 1, 2001.
Annual deferments allowed.	7; each deferment extends final due date.	4; no extensions.
Interest rate on deferments.	2 percent.....	3 percent.

¹ Assumes no deferments are taken and includes payments for goods in the pipeline at the end of World War II (the Soviet Union has made \$199,000,000 in pipeline payments since 1954).

The Soviet lend lease settlement presents an anomaly in Treasury's reporting of foreign indebtedness to U.S. Government agencies. The anomaly can be found in Tables C-1 and C-2 which represent Treasury's statistics for foreign loans and other credits of U.S. Government agencies. Table C-1 is a breakdown by credit program and includes an entry entitled "War Accounts Settlements and Lend Lease". Table C-2 summarizes the identical data by country and includes entries of \$146.8 million and \$93.4 million for the Soviet Union in the column entitled "Principal Outstanding" and "Principal and Interest Due and Unpaid Ninety Days or More". It is difficult to reconcile either figure with the \$722 million settlement announced October 18, 1972. Table C-3 contains Treasury's arrearage data as of December 31, 1972, and reflects a rescheduling of the Soviet debt of six months earlier, presumably in response to the October 18, 1972 settlement.

Post-World War II Foreign Indebtedness to the U.S.

Foreign indebtedness to the U.S. since World War II has arisen principally in the context of foreign aid, military assistance, and trade finance. The total of outstanding foreign indebtedness to the U.S. incurred since 1945 is now approximately \$30 billion. (Table C-1). The bulk of outstanding U.S. Government postwar credits were extended under the Export-Import Bank Act of 1945 (\$5.9 billion as of June 30, 1972), Foreign Assistance and related acts (\$13 billion), the Agricultural Trade Development and Assistance Act (\$6.6 billion), and the Commodity Credit Corporation Charter Act (\$582 million). Tables E-1, E-2, and E-3 present the status of dollars repayable under loans of the Agency for International Development (AID) and predecessor agencies; under the P.L. 480 program; and the status of the U.S. Military Export Sales Program. The table on the following page summarizes post-war foreign assistance.

Overseas loans and grants—summary for all countries

[U.S. fiscal years—millions of dollars]

U.S. overseas loans and grants—obligations and loan authorizations																				
	Post-war relief period	Marshall plan period	Mutual Security Act period	Foreign Assistance Act period										Total loans and grants 1946-72	Repay-ments and interest 1946-72	Total less repay-ments and interest				
				1946-48	1949-52	1953-61	1962-65	1966	1967	1968	1969	1970	1971				1972	1973	1974*	Total FAA period 1962-74
Total economic and military programs.....	15,125	22,533	51,012	20,585	7,034	8,427	8,169	7,570	8,096	9,391	11,114	11,100	11,000	109,089	195,642	170,058				
Loans.....	8,038	3,448	9,642	10,111	3,109	3,767	3,470	2,537	2,950	3,743	4,812	4,600	5,000	44,099	61,175	38,591				
Grants.....	7,007	19,084	41,400	10,474	4,525	4,659	4,699	5,033	5,146	5,647	6,302	6,500	6,000	64,996	131,467	131,467				

* 1974 estimates do not include anticipated increase in foreign aid resulting from the Middle East War.

Delinquent Foreign Indebtedness to the U.S.

As of June 30, 1972, Treasury reported 105 foreign countries and international organizations with delinquent debts (principal and interest due and unpaid ninety days or more) to U.S. Government agencies, totaling \$678 million (Tables C-1 and C-2). This figure, however, excludes delinquent debts arising prior to July 1, 1941, which include, at the least, unpaid debts arising from World War I. Six months later, as of December 31, 1972, Treasury reported 104 foreign countries and international organizations with delinquent debts to Government agencies totaling \$639 million (Table C-3). The improvement in delinquent indebtedness during the six month period is attributed to the elimination of the Soviet arrearage on its Lend Lease debt in the settlement announced October 18, 1972, and to improved collection procedures, generally.

The Department of Treasury bears primary accounting responsibility over foreign indebtedness to U.S. Government agencies. Secondary responsibility is borne by the Department of State and the Department of Defense (the latter, in the area of military assistance).

During the past two years the Executive Branch has undertaken a comprehensive review of its procedures for reporting and collecting overdue foreign debts. Under procedures instituted by the National Advisory Council on International Monetary and Financial Policies, the evaluation of a country's debt status has been given greater weight in determining that country's credit worthiness. As a general policy, the Council has recommended that "loans to countries whose Governments are in arrears 90 days or more on debts which they or their agencies owe to the U.S. Government or its agencies should be deferred and, where appropriate, disapproved."⁹

Reporting and Settlement of Foreign Debts

There is no specific requirement in existing law which requires a consolidated report on the status of active foreign credits of the U.S. Such a report is, however, prepared by the Treasury Department which includes both long-term and short-term loans and credits to foreigners. The long-term credits reporting is pursuant to the requirements of Section 634(f) of the Foreign Assistance Act of 1961. The short-term loans and credits are pursuant to a request of the Foreign Operations and Government Information Subcommittee of the Committee on Government Operations of the House.

Legislation is now pending in the Congress to improve statutory reporting requirements of foreign indebtedness. The bill, H.R. 9360

⁹ National Advisory Council on International Monetary and Financial Policies, 1972 Annual Report, p. 40.

the Mutual Development and Cooperation Act of 1973, for example, would expand the reporting required on the status of foreign credits. Section 19 of the bill would amend the law to provide for comprehensive semi-annual reports on the status of all outstanding obligations owing to the United States and potential liabilities under insurance and contracts of guarantees and loans and other credits resulting from transactions under the Foreign Assistance Act, the Foreign Military Sales Act, the Agricultural Trade and Development and Assistance Act and the Export-Import Bank Act. The status report would be limited to those outstanding balances on individual items which exceed \$1 million.

In testimony July 24, 1973, before the House Government Operations Subcommittee on Foreign Operations and Government Information, Sidney Weintraub, Acting Assistant Secretary for Economic and Business Affairs of the Department of State asserted, "The Department of State is of the opinion, and other agencies have indicated that they agree, that the President does have authority in appropriate circumstances to settle claims against foreign Governments, even if in a particular case no payment can be obtained where, for example, it is established that the debts are uncollectible."¹⁰

A recent Report to the Congress by the General Accounting Office ("Developing Countries' External Debt and U.S. Foreign Assistance: A Case Study," May 11, 1973) made the following summary of Executive authority to renegotiate foreign loans:

EXECUTIVE AND LEGISLATIVE PARTICIPATION IN DEBT RENEGOTIATIONS

According to the Attorney General of the United States, the executive branch has authority to renegotiate terms of loans to countries without congressional review or approval. This is in contrast to the restrictions on executive branch authority to negotiate new loans, including statutory limitations on minimum lending terms, sources of procurement, and loans to countries in default.

Executive authority

The President's authority to renegotiate the terms of loans and credits to foreign governments varies with the enabling legislation. The principal ongoing programs under which foreign debts to the United States are concentrated include:¹¹

¹⁰ "Delinquent International Debts Owed to the United States," hearings of the Subcommittee on Foreign Operations and Government Information, Committee on Government Operations, U.S. House of Representatives, 93d Congress, July 24, 1973, p. 15.

¹¹ Debt renegotiations may also include debts incurred under current or defunct programs; hence this list is not intended to be exhaustive.

1. Loans to countries under the Foreign Assistance Act of 1961, as amended.

2. Long-term dollar sales of agricultural commodities under Public Law 480.

3. Export credits under the Export-Import Bank Act of 1945, as amended.

In 1970 the United States participated with other creditors in a massive rescheduling of Indonesia's external debt. In response to a request from the Secretary of the Treasury, the Attorney General issued an opinion on December 24, 1970, stating that the executive branch had the authority to renegotiate the terms of loans and credits under the above programs.

For loans to countries made under the Foreign Assistance Act of 1961, as amended, this authority is provided under section 635(g)(2), which states that "in making loans under this Act, the President * * * may collect or compromise any obligations assigned to, or held by * * * him." The authority to compromise is limited by section 620(r) of the same act, which provides that:

No recipient of a loan made under the authority of this Act, any part of which is outstanding on or after the date of enactment of this subsection [Sept. 19, 1966], shall be relieved of liability for the repayment of any part of the principal of or interest on such loan.

The purpose of this restriction, known as the Dirksen Amendment, was to prevent the conversion of loans into grants by subsequently relieving the recipient country of its liability for repayment of interest or principal.

Similarly, in his opinion on the Indonesian debt rescheduling, the Attorney General found adequate legal authority for rescheduling Public Law 480 debt and Export-Import Bank credits under the circumstances presented there.

Within the executive branch, foreign loan and credit programs are administered by several agencies, such as AID and the Export-Import Bank. These agencies are responsible for the granting of loans and credits and the actual negotiations involved in making collections.

General coordination of U.S. loan policy is a function of the National Advisory Council on International Monetary and Financial Policies. This interagency council, chaired by the Secretary of the Treasury, considers the overall debt burden in a recipient country as part of its consideration of proposed loans. The Council also considers debt renegotiations in its meetings.

Renegotiation of loan terms can release a developing country's foreign exchange which may then be used for development imports. In some instances, however, renegotiation may reduce or

defer a lending nation's available resources until repayment is made. Under the AID-administered development loan program, for example, interest and principal collections are recycled into the program. Recycling of collections also reduces AID's new funding requirements in its budgetary requests to the Congress.

Congressional interest

Although legislative restrictions on executive branch authority to renegotiate loans are few, the Congress has shown considerable interest in the ability of developing countries to repay existing debts to the United States. The Congress also has shown interest in debt relief. In the specific case of the 1970 Indonesian debt rescheduling, the executive branch informally discussed the matter with several congressional committees and later submitted a special report to them. The Congress was also consulted in the case of the Egyptian debt rescheduling in 1971.

The importance of keeping the Congress well informed with respect to debt relief matters cannot be overemphasized. The United States is the largest single creditor to the developing countries and—together with other creditor nations—is under increasing pressure to reschedule, refinance, or cancel outstanding debt. Any form of debt relief provided is comparable to new aid. And as the need for relief becomes more frequent, debt relief is increasingly an important form of economic assistance.

In our opinion, debt rescheduling—as an example of debt relief—provides additional resources to assisted countries because the foreign exchange that would have been used to repay their debts remains available to pay for needed imports.

The assistance which the United States provides developing countries through debt relief is not now included in the President's proposals to the Congress for new economic assistance. Nor is it shown in a meaningful manner in subsequent reports summarizing the actual assistance provided. We believe this assistance should be systematically and comprehensively reported to the Congress with the President's annual proposals for foreign assistance.

Debt Obligations and International Monetary Reform

One of the major concerns of this subcommittee has been the deterioration in the value of the dollar at home and abroad, and the urgency of achieving fair and adequate rules under which international monetary and trade transactions can function. One important element in the international monetary reform discussions has been what to do about the large "overhang" of U.S. dollars abroad. U.S. liquid liabilities to foreigners totaled \$93,101 million as of July 1973, while

U.S. monetary reserve assets were only \$12,918 million, an amount clearly insufficient to cover our liabilities and warrant making the dollar convertible into gold at almost any price.

*U.S. monetary reserves, and liquid liabilities to foreigners
1962-73 (July)*

[In billions of dollars]

	U.S. liquid liabilities		
	Total U.S. reserve assets	Total	To official institutions
1962-----	17. 2	24. 3	12. 9
1964-----	16. 7	29. 3	15. 7
1966-----	14. 9	31. 0	14. 9
1968-----	15. 7	38. 5	17. 3
1970-----	14. 5	47. 0	23. 8
1972-----	13. 2	52. 9	61. 5
1973 (July)-----	12. 9	93. 1	70. 9

Note: See table F in Appendix C for a comparison of outstanding loans, U.S. assistance, and liquid liabilities.

The issue of foreign indebtedness to the United States has not really entered into any of the international monetary reform plans. Obviously, foreign countries would suggest that the question of indebtedness is a separate issue; that World War I and lend lease debts are so enmeshed in German reparations and other complex issues that it would be impossible to resolve all these complicated questions in the context of international monetary reform. Yet, from the U.S. point of view, foreign countries still owe us legally binding debts of between \$50 and \$60 billion. Before restoring internal convertibility of the dollar, it may well be that these debt obligations should be settled.

Summary and Conclusion

Since 1917, the U.S. Government has transferred abroad an estimated one quarter trillion dollars, yielding a net foreign indebtedness to the United States of approximately \$55.2 billion and possibly more. The transfers abroad occurred in three principal phases: World War I, World War II, and post-war foreign assistance.

Foreign military and economic assistance disbursements are rising and now exceed \$11 billion a year, in spite of the recent cutback in AID appropriations. More than half of these disbursements are on a grant basis with no repayment obligation whatsoever.

Current law does not provide for central reporting of foreign indebtedness, though Treasury is engaged in a program to provide a more comprehensive reporting system.

The Executive asserts broad legal authority, both statutory and inherent, to renegotiate foreign indebtedness. In the case of developing countries, the need for development capital must be balanced against the burden of external debt. Congress, under present procedures, plays a limited, ad hoc role in the process of rescheduling and renegotiating foreign debts.

Foreign indebtedness to the United States has important implications for economic policy, including monetary policy. The Congress may wish to consider legislation to strengthen its oversight over the reporting, collection, and rescheduling of foreign indebtedness.

Appendix A

**Rescheduling of Indonesian Debt to the United
States—Opinion of the Attorney General
of the United States**

Opinion of the Attorney General of the United States

RESCHEDULING OF INDONESIAN DEBT TO THE UNITED STATES

The United States can reschedule certain debts owed to it by Indonesia.

The power to reschedule loans made under the Foreign Assistance Act of 1961 is limited by § 620(r) of that Act, which provides that no recipient of a loan made under the Act outstanding after September 19, 1966, shall be relieved of liability for the repayment of any part of the principal of or interest on such loan. 80 Stat. 807, 22 U.S.C. 2370(r).

By its plain language, § 620(r) of the Foreign Assistance Act of 1961 does not apply to loans made under the Economic Cooperation Act.

The authority to carry out a provision in a loan agreement made under the Economic Cooperation Act allowing for the postponement or modification of payments of principal or interest has been preserved by subsequent acts which state that agreements entered into under repealed acts shall continue in full force until modified by appropriate authority. Mutual Security Act of 1954, § 543(a), 63 Stat. 861; Foreign Assistance Act of 1961, § 643(a), 75 Stat. 460, 22 U.S.C. 2402(a).

Pursuant to the Federal Property and Administrative Services Act of 1949, § 401 (63 Stat. 397, 40 U.S.C. 511) the Secretary of State is authorized to amend and modify agreements made under the Surplus Property Act of 1944, 58 Stat. 765.

The Export-Import Bank is authorized to reschedule loans where such rescheduling will maximize repayment.

Neither § 403 (73 Stat. 610 as amended by 78 Stat. 1037) nor its successor, § 106(a), (80 Stat. 1532, 7 U.S.C. 1706(a) of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), which provides terms for dollar credit agreements made under that Act, restricts the authority to reschedule debts incurred under those agreements where the debtor nation faces imminent default and repayment will be maximized.

DECEMBER 24, 1970.

THE SECRETARY OF THE TREASURY.

DEAR MR. SECRETARY: Your letter of July 16, 1970, asks for an opinion on a number of legal issues which have arisen in connection

with a proposed rescheduling of Indonesia's debts to the United States. Those debts are in the principal amount of \$154.1 million. Your letter notes that the United States, together with a number of other countries, has proposed entering into agreements with Indonesia to reduce the burden of certain large debts incurred by it prior to July 1, 1966, totaling some \$1.6 billion in principal. We understand that default is imminent on the Indonesian loans because both Indonesia's domestic and foreign exchange resources are inadequate to meet payments of principal and interest on its external debt. The agreements will in general extend the time for repayment of such debt and, in some cases, provide that no interest will be charged on past due principal and interest during the extended period of repayment. The purpose of these agreements, as I understand them, is to avoid complete default in the short run, and to maximize repayment of obligations owed to the United States and others in the long run.

Annexed to your letter is a legal memorandum which concludes that the proposed rescheduling can be accomplished under existing law. For the reasons set forth below, I concur with that conclusion.

There are four classes of debts due the United States which are involved: loans by the Agency for International Development (AID); surplus property loans; Export-Import Bank loans; and P.L. 480 debts. It is necessary to construe the statutes governing these obligations to determine whether the Executive has the authority to modify them in the manner proposed.

AID LOANS

Two loans administered by AID are subject to the proposed rescheduling. One loan was originally made under the Economic Cooperation Act of 1948 (ECA loan), the other under the Foreign Assistance Act of 1961 (FAA loan).

Section 635(g)(2) of the Foreign Assistance Act of 1961 (75 Stat. 456, 22 U.S.C. 2395(g)) provides that "in making loans under this Act" the President may collect or compromise any obligations assigned to, or held by him. As your memorandum states, the compromise, authority is limited by sec. 620(r) of the same Act (as added in 1966 80 Stat. 807, 22 U.S.C. 2370(r) (Supp. V)), which provides:

"No recipient of a loan made under the authority of this Act, any part of which is outstanding on or after the date of enactment of this subsection [September 19, 1966], shall be relieved of liability for the repayment of any part of the principal of or interest on such loan."

In keeping with this provision you conclude that any rescheduling of the FAA loan involved must, in accordance with its terms, require payment of interest on all outstanding balances of both principal and interest. (The memorandum states that one way this can be accom-

plished is by reducing the amounts due under the other loans, which are discussed *infra*.) Such a requirement complies with the limitations of sec. 620(r), and the proposed arrangement regarding the FAA loan is expressly authorized by sec. 635(g)(2) of the 1961 Act.

The Economic Cooperation Act of 1948, 62 Stat. 137, stated that assistance could be provided through grants, payment in cash, credit, or on such other terms of payment as the Economic Cooperation Administration (ECA) found appropriate, depending on the needs of the recipient country. Section 111(c), 62 Stat. 145. The ECA loan agreement at issue was executed by the Export-Import Bank for ECA. See sec. 111(c)(2). In line with both the broad authority of the ECA and the general powers of the Bank (see page 6, *infra*) it contained a renegotiation provision allowing for the postponement or modification in payments of interest or principal.¹ We understand that insertion of such a provision in ECA loan agreements administered by the Bank was a standard and unquestioned practice.²

The original authority to carry out the agreement validly made under the now repealed Act has been preserved. Both the Mutual Security Act of 1954, which repealed the Economic Cooperation Act, and the Foreign Assistance Act, which repealed the former Act, include provisions which state that agreements entered into under authority of repealed acts shall continue in full force until modified by appropriate authority. Mutual Security Act of 1954, sec. 543(a), 68 Stat. 861; Foreign Assistance Act of 1961, sec. 643(a), 75 Stat. 460, 22 U.S.C. 2402(a). By its plain language, sec. 620(r), which only applies to loans "made under the authority of this Act" (*i.e.*, the Foreign Assistance Act of 1961), does not apply to loans made under the Economic Cooperation Act. We therefore agree that there is authority to modify the ECA loan.

SURPLUS PROPERTY LOAN

Under the Surplus Property Act of 1944, 58 Stat. 765, United States excess property was sold to Indonesia in 1947 under credit arrangements. Pursuant to a later statute the Secretary of State is authorized to amend and modify agreements made under that Act which were in effect on July 1, 1949. Federal Property and Administrative Services Act of 1949, sec. 401, 63 Stat. 397, 40 U.S.C. 511. In this

¹ Agreement between the Government of the Kingdom of the Netherlands and Export-Import Bank of Washington, Art. 4, Oct. 28, 1948:

"If at any time or from time to time the parties hereto determine that it would be in their common interests because of adverse economic conditions or for any other reasons to postpone, or provide for the postponement of, any installments of interest or principal, or to alter or provide for the alteration of any provisions of the aforesaid promissory note relating to payment of interest and principal, or to modify the aforesaid promissory note in any other respect, they may by mutual agreement in writing provide for any such postponement or alteration or other modification."

Indonesia has assumed the obligation of The Netherlands.

² Letter from Herbert E. Morris, Assistant General Counsel for East Asia, AID, October 7, 1970.

connection it is noteworthy that the latter Act further provides that foreign excess property may be disposed of by sale, exchange or transfer, for cash or credit, and "upon such other terms and conditions as the head of the executive agency concerned deems proper." 40 U.S.C. 512, 63 Stat. 398. It is clear that Congress has given the Executive broad discretion in this area. I concur in your conclusion that payments governed by this legislation may be rescheduled.

EXPORT-IMPORT BANK LOANS

Some of the loans at issue were made by the Export-Import Bank. The Bank is authorized to do "a general banking business." 12 U.S.C. 635(a). Its enabling act has no specific restrictions concerning the modification of loan agreements and it appears from the memorandum that the unquestioned administrative practice under the Bank's act has been to permit rescheduling as the Bank's business requires in the same manner as a private bank. Since the memorandum expresses the view that the proposed rescheduling will maximize repayment, and there is no express or implied statutory limit on re-scheduling, the Bank possesses the necessary authority to accomplish this. Cf. *United States v. Corliss Steam-Engine Co.*, 91 U.S. 321 (1875); *Whitman v. United States*, 110 F. Supp. 444 (Ct. Cl. 1953).

P.L. 480 AGREEMENTS

There are two agreements with Indonesia for the sale of agricultural products which were entered into in 1966 under the dollar-credit provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, commonly called "P.L. 480". Section 403 of the Act, which was applicable when the agreements were executed, required that dollar credits must be repaid in annual installments over a period not to exceed twenty years, plus a two-year grace period for the initial installment, and that the amounts financed bear interest at a rate set by the Secretary of Agriculture, which could not be less than that charged for certain loans made under the Foreign Assistance Act. 73 Stat. 610 (1959), amended by 78 Stat. 1037 (1964). P.L. 480 was revised in 1966. Section 106(a) of the revision effective January 1, 1967 (after the agreements were made), contains credit provisions identical to those of sec. 403. 80 Stat. 1532, 7 U.S.C. 1706(a) (Supp. V). You note that the proposed rescheduling would run counter to the limits now set out in sec. 106(a) and ask whether they apply to the rescheduling.

The authority to make sales under P.L. 480 is set forth in general terms. Section 101 (80 Stat. 1526, 7 U.S.C. 1701 (Supp. V)) now provides that "the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agri-

cultural commodities for dollars on credit terms or for foreign currencies." Title IV of the earlier Act included a similar provision. In general, an officer authorized to make and carry out a contract for the United States has the authority to modify it where it is in the best interests of the United States to do so. Cf. *United States v. Corliss Steam-Engine Co.*, *supra*; *Whitman v. United States*, *supra*.

The inquiry here then is whether sec. 403 or its successor, sec. 106(a), imposes express or implied restrictions on the responsible official which would limit his authority to reschedule these debts in what he considers to be the best interests of the United States. The language of these provisions as it bears on this point is as follows:

"* * * Payment for such commodities shall be in dollars with interest at such rates as the Secretary may determine but not less than the minimum rate required by section 201 of the Foreign Assistance Act of 1961 for loans made under that section. Payment may be made in reasonable annual amounts over periods of not to exceed twenty years from the date of the last delivery of commodities in each calendar year under the agreement, except that the date for beginning such annual payment may be deferred for a period not later than two years after such date of last delivery, and interests shall be computed from the date of such last delivery."

The statutory language appears to address itself to the terms which should be contained in an agreement between the United States and the debtor nation. Clearly, the language calls for an agreement which, if performed according to its tenor, will result in retirement of the debt in accordance with the provisions of the section. There is no indication that the terms of either of the agreements for which rescheduling is currently contemplated were inconsistent with the statute.

The congressional policy expressed in sec. 106(a) and its predecessor undoubtedly reflects a determination on the part of Congress that dollar credit transactions are to be placed on a sound business basis with minimum financial loss to the United States. Officials charged with negotiating agreements subject to the provisions of this section are not free to authorize agreements between the United States and debtor nations which in form comply with the restrictions imposed by the statute, but which, as a matter of reasonable expectation, cannot possibly be performed by the debtor nation in compliance with that section.

But while the law does require more than *pro forma* compliance with its terms on the part of officials responsible for negotiating agreements, it does not address itself to the problem of rescheduling previously contracted debts when, notwithstanding the fact that the agreement has been made in good faith, the debtor nation at some later date faces the prospect of imminent default on its obligation.

It cannot be denied that provisions in an agreement for repayment of principal and interest negotiated with developing countries in long-term credit transactions are necessarily based on somewhat speculative projections as to the future ability of the borrowing country to repay. In the instant case, for example, agreements were made following a period of grave political and economic difficulty. We are informed that an independent study commissioned by creditor nations has found that Indonesia presently lacks the necessary domestic resources in foreign exchange to service its current external debt, and that unless a renegotiation is effected, payments it is required to make under its existing obligations will be beyond its financial capacity for some years to come. We understand that the United States Government has accepted these findings pursuant to an agreed minute of April 24, 1970. That minute may fairly be compared to a composition of creditors concerning the Indonesian debts.

Nothing in P.L. 480 suggests any congressional certainty that every single agreement for repayment would be carried out according to its terms. Giving the statute the broadest reading consistent with its language, we find that it neither expressly nor impliedly prohibits renegotiation under the circumstances here presented, where the facts clearly establish that the debtor nation faces imminent default. Indeed, the broad congressional policy underlying sec. 106(a) and its predecessor—that the maximum recovery be obtained for the United States—may well be furthered, rather than hindered, by the sort of rescheduling of debts on the part of the creditor nations which is here contemplated. Accordingly, rescheduling of the debts incurred by Indonesia under P.L. 480 is authorized, it having been found by those officials charged with the responsibility that it will in fact maximize repayment to the United States.

Sincerely,

JOHN N. MITCHELL.

Appendix B

World War I Indebtedness

World War I Indebtedness

The bulk of World War I debts arose when the U.S. extended assistance to foreign countries in the form of cash loans or other credits toward (and immediately following) the end of the war.

The earliest such credits were authorized by a succession of Liberty Bond Acts.² They provided, in effect, that a portion of the proceeds of the issues of Liberty bonds may be used to establish credits for foreign governments then engaged in war against the enemies of the United States. The final total appropriation for such credits was set, after a few increases, at \$10 billion.

As evidence of these credits, the United States was authorized to accept obligations issued by the borrowing governments. These obligations were in the form of short-term or demand certificates of indebtedness and carried, at first, an interest rate of 3½ percent. After the passage of the Second Liberty Bond Act, the interest rate was increased to 4¼ percent, and after May 15, 1918 to 5 percent.

The total of credits established under the Liberty Bond Acts in favor of 11 foreign countries amounted to \$9,647 million of which \$9,631 million was actually used.

An act approved on February 25, 1919 (P.L. 65-274, 40 Stat. 1161) appropriated \$100 million in a revolving fund for American relief supplies to former non-enemy countries in Europe. The cost of these supplies was to be reimbursed so far as possible by the recipient countries. The American Relief Administration received on account of these supplies \$84 million in 5-percent medium-term obligations issued by eight relief recipient countries.

The Victory Liberty Loan Act of March 3, 1919 (P.L. 65-328, 40 Stat. 1309) appropriated the unexpended balance of appropriations made under the Liberty Bond Acts for credits to foreign allied governments for the purchase of United States war surplus property and wheat. The obligations covering these credits were to bear at least 5 percent interest. War surplus credits were extended to eleven countries and totaled \$599 million in medium- and long-term obligations bearing 5 percent interest.

Public Law 66-167 (41 Stat. 548), enacted on March 30, 1920, authorized the United States Grain Corporation to sell up to 5,000,000 barrels of flour for cash or on credit to European countries to alleviate

² Enacted in 1917 and 1918 (First Liberty Bond Act, April 24, 1917, P.L. 65-3, 40 Stat. 35; Second Liberty Bond Act, September 24, 1917, P.L. 65-43, 40 Stat. 288; Third Liberty Bond Act, April 4, 1918, P.L. 65-120, 40 Stat. 502, Fourth Liberty Bond Act, July 9, 1918, P.L. 65-192, 40 Stat. 844).

food shortages. In these flour sales, the United States accepted medium-term obligations of one to five year terms, bearing 5 percent interest for the shorter terms and 6 percent for 5 year loans. The total of these obligations, issued by five countries, amounted to \$57 million.

Thus the gross initial credits extended by the United States to a total of 20 foreign countries during and immediately after World War I amounted to \$10,371 million.

Consolidation and funding.—As the bulk of foreign obligations in the possession of the United States was payable on demand and almost all of the remainder had maturity dates in the early 1920's, it was patent that the debtor-nations as a group were not in a position to adhere to the original payment terms. The U.S. Congress, therefore, passed on February 9, 1922 an act (P.L. 67-139; 42 Stat. 363) providing, basically, for the funding of these debts and/or their conversion into long-term obligations (bonds). It prohibited the exchange of obligations of one foreign government for those of another and the cancellation of any part of the indebtedness except by payment. The final maturity of such funded indebtedness was not to run beyond June 15, 1947, and the interest rate was to be at least 4½ percent. The act also established a five-member World War Foreign Debt Commission and placed it in charge of negotiating and concluding funding agreements; the Commission was to operate for three years. The membership of the Commission was later (P.L. 67-445, 42 Stat. 1325, February 28, 1923) increased to eight, and the limitation on maturity terms and interest rates was abolished. Furthermore, on January 21, 1925, the life of the Commission was extended for two more years (P.L. 67-327; 43 Stat. 763).

In 1922, at the time of the creation of the Commission, the United States held obligations of foreign governments arising from World War I operations amounting, in their principal amount, to a total of \$10,102 million. Throughout the life of the Commission the major part of these obligations was converted into funded indebtedness. Between February 1923 and April 1926, funding agreements under P.L. 67-139 were signed with Belgium, Czechoslovakia, Estonia, Finland, France, Great Britain, Hungary, Italy, Latvia, Lithuania, Poland, Rumania, and Yugoslavia. All funding agreements had to be—and were—ratified by the U.S. Senate and by the debtor-country's legislature.

Funding agreements.—In these agreements, the short-term indebtedness of individual debtor-countries was consolidated and converted into 62-year bonded debt. The debtors undertook to make annual payments on the principal and semi-annual payments of interest. As a rule, the interest rate charged was 3 percent for the first ten years and 3½ percent for the remainder of the debt period. Several funding agreements, however, provided for lower overall interest charges, which will be noted below. At the option of the debtor-nation and on at least

90 days' notice, the installments on principal could be postponed for two years. This option could not be exercised unless all the regular or previously postponed installments had been paid in full. With some exceptions, the interest rates on such postponements were those applicable to the principal.

The installments of principal and interest were payable in "United States gold coin of the present standard of value" or at the option of the debtor country, on 30 days' notice, in United States obligations issued after April 6, 1917. Prepayments on principal could be made at the option of the debtor on 90 days' notice in multiples of \$1,000.

The total value of the principal of the obligations funded under P.L. 67-139 before funding was \$9,664,829,252; the total funded debt amounted to \$11,522,354,000. In the funded principal were reflected the following components: on the debit side, the outstanding principal of the short-term obligations, interest accrued and unpaid before December 15, 1922 at 4½ percent, interest accrued at 3 percent and unpaid on the above two items since December 15, 1922, and any other war-connected United States claims against the debtor-nation; on the credit side, any payments of principal and interest on any payments made on principal since December 15, 1922, and any war connected claims by the debtor-nation against the United States.

Unfunded indebtedness.—World War I debts of five countries were not funded. Of these, the *Cuban* debt, in the principal amount of \$10 million plus accrued interest, was paid in full in 1927. The debts of *Liberia* and *Nicaragua* in the principal amounts of \$26,000 and \$166,604, respectively, plus accrued interest were paid in full in 1927.

It might be mentioned in this connection that, in February 1927, Nicaragua contracted a new debt amounting to approximately \$290,000 at 6 percent interest, payable in monthly installments of \$5,000 beginning January 1929. This debt was not serviced regularly, and together with accrued interest amounted to about \$484,000 at the end of August 1937. The debt was cancelled in 1939 pursuant to the agreement concluded with Nicaragua on April 14, 1938, and ratified by the U.S. Senate on June 13, 1938. The agreement provided for cancellation by the United States of this debt, and by Nicaragua of a claim against the United States for refund of income taxes amounting to about \$373,000 and interest charges thereon totaling approximately \$268,000, and, in addition, for a lump sum payment of \$72,000 by the United States to Nicaragua.

The indebtedness of *Armenia*, in the principal amount of almost \$12 million plus accrued interest could not be funded because there was no Armenian government in existence. Similar difficulties were encountered in regard to the *Russian* debt, amounting to \$192.6 million. This debt had been incurred by pre-Communist governments and was repudiated by the Bolsheviks. The repudiation was one of the factors in

United States refusal to recognize the Soviet government until 1933. A small portion of this debt was paid from the proceeds of the liquidation of Czarist assets in the United States pursuant to a 1933 agreement between the two countries. In practice, however, the repudiation still stands.

Hoover moratorium.—Due to the world-wide financial crisis of 1930, the U.S. Congress, urged by President Hoover, granted on December 23, 1931 (Public Resolution 72-5, 47 Stat. 3) to all debtor-nations who had funded their indebtedness, a postponement of their contractual payments falling due in the fiscal year 1931-2, subject to the signing of a requisite moratorium agreement. The statute provided that such postponed installments would be payable in ten equal annuities beginning in the fiscal year 1933-34 and would carry a 4 percent interest charge. The Congress also expressly declared itself against any cancellation or reduction of the debts.

In the period from May through September 1932, all the countries indebted to the United States under funding agreements, except Yugoslavia, executed moratorium agreements containing terms as laid down by the statute. Yugoslavia advised that it could not accept the provisions of the moratorium because of the effect such action would have on its budgetary situation.

The total amount of payments on principal and interest postponed by the moratorium agreements was \$246,316,806 (\$62,094,618 on principal and \$184,222,188 on interest); total amount receivable by the United States annually over the ten year period, including 4 percent interest, was \$30,018,734.

After the expiration of the moratorium period, Austria, Estonia, Greece, Latvia, and Poland also availed themselves of the postponement provisions contained in their funding agreements and postponed the installments due on principal during FY 1933. In addition, Czechoslovakia, Finland, Great Britain, Italy, Lithuania, and Rumania took advantage of a provision (Sec. 45 of the Agricultural Adjustment Act of 1933, P.L. 73-10, 48 Stat. 53) which authorized the President, for a period of six months, to accept silver in payment of any amounts due from foreign governments.

In late 1932, a number of debtor-countries requested that the entire complex of intergovernmental obligations be reviewed and that any payments due during the period of such review and negotiations be suspended. Such a review, however, was never initiated.

Debt default.—Despite the one-year moratorium, some contractual postponements, and the possibility to pay in silver, the servicing of the funded foreign debts after the moratorium was grossly lacking in regularity. *In fact, only Finland has been making regular payments on the principal and interest of its funded debt as well as on the moratorium installments and subsequent postponements.* After the Soviet attack

on Finland and Russo-Finnish war (1939-1940), the U.S. Congress on June 15, 1940 authorized by a Joint Resolution (Public Res. 76-84; 54 Stat. 398) a postponement of all Finland's payments due during calendar year 1940, and made them payable with 3-percent interest thereon in ten annual installments beginning in 1941. The following year, a similar Joint Resolution (Public Law 77-10; June 12, 1941; 55 Stat. 250) authorized the postponement of all Finland's payments due during calendar years 1941 and 1942, and made them payable in 40 semiannual interest-free installments beginning in 1945.

At the opposite side of the debt-servicing roster are six nations (Austria, Belgium, Estonia, France, Poland, and Yugoslavia) which after the one-year moratorium made no payments on either the principal or interest of their funded indebtedness or on the amounts postponed under moratorium agreements or other postponement provisions.

A number of debtor-nations made a few more payments on either principal or interest of the funded indebtedness or both, but none on the moratorium annuities. The latest payments on principal and/or interest made by any debtor country (except Finland) since the moratorium were as follows:

Country	Date of last payment on principal	Date of last payment on interest
Czechoslovakia.....	Dec. 15, 1933	.....
Great Britain.....	Dec. 15, 1932	Dec. 15, 1933
Greece.....	.....	Nov. 10, 1938
Hungary (interest payments due from December 1932 to June 1937 were made in pengö rather than in dollars).....	.....	Dec. 12, 1941
Italy.....	.....	Dec. 15, 1933
Latvia.....	Dec. 15, 1932	Do.
Lithuania.....	.....	Do.
Rumania (also made a token payment of \$100,000 on June 15, 1940, as a token of good faith pending negoti- ation of new agreement).....	.....	June 15, 1933

Appendix C

Statistical Material

B. Other official economic programs

Export-Import Bank loans.....	2,091	898	3,628	1,250	347	1,272	702	703
Other loans.....				4	13	2	108	77
Total other official loans.....	2,091	898	3,628	1,254	360	1,274	810	780
Total economic programs.....	14,644	19,531	27,681	18,291	5,144	5,216	4,912	4,304
Loans.....	8,058	3,448	9,478	9,600	2,598	2,936	2,645	2,120
Grants.....	6,586	16,082	18,203	8,691	2,546	2,281	2,267	2,184

MILITARY PROGRAMS

Military assistance—(Charged to FAA appro- priation).....		2,517	22,367	7,414	1,312	1,047	840	727
Credit sales (FMS).....			164	460	317	323	263	281
Grants.....		2,517	22,203	6,955	995	724	577	445
Military assistance service, funded grants.....				201	917	1,594	1,728	2,276
Transfers from excess stocks.....			439	395	51	33	69	115
Other grants.....	481	160	554	231	17	29	59	12
Export-Import Bank military loans.....				52	194	508	562	136
Total military programs.....	481	3,002	23,361	8,293	2,490	3,210	3,258	3,266
Total economic and military programs.....	15,125	22,533	51,042	26,585	7,634	8,427	8,169	7,570
Loans.....	8,058	3,448	9,642	10,111	3,109	3,767	3,470	2,537
Grants.....	7,067	19,084	41,400	16,474	4,525	4,659	4,699	5,033

TABLE A.—Summary for all countries—Continued

U.S. overseas loans and grants, obligations and loan authorizations							
Program	Foreign Assistance Act period			Total FAA period 1962-1972	Total loans and grants 1946-1972	Repay-ments and interest 1946-1972	Total less repayments and interest
	1970	1971	1972				
ECONOMIC PROGRAMS							
A. Official economic assistance							
AID and predecessor agencies, total.....	1,877	1,861	2,072	1 24,288	1 53,533	4,466	49,067
Loans.....	807	718	625	11,820	15,591	4,466	11,125
Grants.....	1,070	1,142	1,446	12,464	37,942		37,942
(Supporting assistance).....	(503)	(573)	(620)	(6,789)	(15,116)		
Food for Peace, total.....	1,142	1,231	1,223	14,348	20,847		
Title I, total.....	711	791	746	9,331	13,197	1,999	18,848
Repayable in U.S. dollars, loans.....	485	546	683	3,349	3,349	508	11,198
Payable in foreign currency, planned for country use..	226	245	63	5,981	9,848	1,490	2,841
(Total sales agreements, including U.S. users).....	(272)	(311)	(60)	(7,570)	(13,061)		8,358
Title II, total.....	432	440	477	5,017	7,650		(13,061)
Emergency relief, economic development and world food.....	250	250	280	2,342	3,095		7,650
Voluntary relief agencies.....	181	190	197	2,674	4,555		3,095
Other official economic assistance.....	657	350	646	5,815	23,165	5,633	4,555
Contributions to International lending organizations ¹	480	180	142	3,151	3,975		17,532
Peace Corps.....	91	85	75	921	922		3,975
Other.....	86	85	429	1,743	18,268	5,633	922
Total official economic assistance.....	3,677	3,442	3,940	44,448	97,545	12,098	12,635
Loans.....	1,389	1,299	1,639	19,748	33,044	12,098	85,447
Grants.....	2,288	2,143	2,301	24,701	64,501		20,946
							64,501

B. Other official economic programs

Export-Import Bank loans.....	1,169	1,259	2,086	8,788	15,405	10,705	4,700
Other loans.....	112	263	386	964	964	434	530
Total other official loans.....	1,281	1,522	2,472	9,753	16,369	11,139	5,230
Total economic programs.....	4,958	4,964	6,412	54,201	113,914	23,237	90,677
Loans.....	2,670	2,821	4,111	29,501	49,413	23,237	26,176
Grants.....	2,288	2,143	2,301	24,701	64,501	.....	64,501
MILITARY PROGRAMS							
Military assistance—(Charged to FAA appropriation).....	457	1,516	1,100	14,413	39,296	1,242	38,054
Credit sales (FMS).....	70	743	550	3,007	3,171	1,242	1,929
Grants.....	387	771	550	11,404	36,125	.....	36,125
Military assistance service, funded grants.....	2,308	2,484	2,753	14,261	14,261	.....	14,261
Transfers from excess stocks.....	136	108	101	1,008	1,608	.....	1,608
Other grants.....	27	140	597	1,112	2,472	.....	2,472
Export-Import Bank military loans ¹	210	179	151	1,991	1,991	1,106	885
Total military programs.....	3,138	4,427	4,702	32,784	59,623	2,347	57,281
Total economic and military programs ²	8,096	9,391	11,114	86,986	173,542	25,584	147,953
Loans.....	2,950	3,743	4,812	34,499	54,575	25,584	28,991
Grants.....	5,146	5,647	6,302	52,486	118,967	.....	118,967

¹ Excludes \$43,000,000 in fiscal year 1967, \$31,000,000 in fiscal year 1968, \$29,000,000 in fiscal year 1969, \$52,000,000 in fiscal year 1970, \$65,000,000 in fiscal year 1971, and \$28,000,000 in reimbursements by the Department of Defense for grants to Vietnam.

² Data exclude callable capital.

³ Excludes loans purchased by the Export-Import Bank and guaranteed by the Department of Defense.

⁴ Estimated \$9,500,000,000 for fiscal year 1973; projected \$11 billion for fiscal year 1974.

⁵ See the general notes for coverage and qualifications, particularly for AID and for military programs.

TABLE B-1—Indebtedness of foreign governments to the United States arising from World War I as of June 30, 1972

[Dollars in thousands]

	Original Indebtedness	Interest through June 30, 1972	Total	Cumulative payments		Total outstanding	Unmatured principal due and unpaid	Principal and interest due and unpaid
				Principal	Interest			
Armenia.....	\$11,959	\$31,577	\$43,536	(¹⁰)	.....	\$43,536	.....	\$43,536
Austria ¹	26,843	44	26,887	\$862	.....	26,024	.....	26,024
Belgium.....	419,837	360,464	780,302	19,157	\$33,033	728,111	\$156,780	571,331
Cuba.....	10,000	2,286	12,286	10,000	2,286	.....	.....	.....
Czechoslovakia.....	185,071	133,997	319,068	19,829	304	298,934	67,740	231,194
Estonia.....	16,466	24,732	41,198	.....	1,248	39,950	7,036	32,914
Finland.....	8,999	12,212	21,212	5,322	12,212	3,677	3,677	.....
France.....	4,089,689	3,911,498	8,001,187	226,039	260,036	7,515,111	1,435,303	6,079,808
Great Britain.....	4,802,181	7,739,631	12,541,813	434,181	1,590,672	10,516,959	1,908,000	8,608,959
Greece.....	3,343,319	4,532	38,852	1,326	4,445	33,080	19,638	13,442
Hungary ¹	1,982	3,107	5,089	73	482	4,532	871	3,661
Italy.....	2,042,364	424,529	2,466,893	37,464	63,365	2,366,063	945,900	1,420,163
Latvia.....	5,888	10,446	17,335	9	752	16,573	2,974	13,599
Liberia.....	26	10	36	26	10	.....	.....	.....
Lithuania.....	6,432	9,689	16,122	234	1,003	14,884	2,777	12,106
Nicaragua ¹	141	26	168	141	26	.....	.....	.....
Poland.....	207,344	315,271	522,615	1,287	21,359	499,969	91,984	407,985
Rumania.....	63,359	60,337	128,696	4,498	1,292	123,905	25,870	98,035
Russia.....	192,601	524,240	716,841	.....	8,750	708,090	.....	708,090
Yugoslavia.....	63,577	36,609	100,187	1,952	636	97,598	28,679	68,919
Total.....	12,195,087	13,605,247	25,800,334	762,401	2,000,919	23,037,006	4,697,232	18,339,774

¹ The Federal Republic of Germany has recognized liability for securities falling due between Mar. 12, 1938, and May 8, 1945.
² \$8,480,090.26 has been made available for educational exchange programs with Finland pursuant to 22 U.S.C. 2455(e).
³ Includes \$13,155,921 refunded by the agreement of May 28, 1964. The agreement was ratified by Congress Nov. 5, 1966.
⁴ Interest payment from Dec. 15, 1932, to June 15, 1937, were paid in pengo equivalent.

⁵ The indebtedness of Nicaragua was canceled pursuant to the agreement of Apr. 14, 1938.
⁶ Excludes claim allowance of \$1,813,428.69 dated Dec. 15, 1959.
⁷ Excludes payment of \$100,000 on June 14, 1940, as a token of good faith.
⁸ Principally proceeds from liquidation of Russian assets in the United States.
⁹ Includes \$12,813,601.32 on agreement of May 28, 1964.
¹⁰ \$17.49.

Table B-2.—Status of German World War I indebtedness as of June 30, 1972

	Funded indebtedness	Interest through June 30, 1972	Total	Cumulative payments, principal
Agreement as of June 23, 1930, and May 26, 1932:				
Mixed claims (Reichsmarks).....	1,632,000,000.00	848,640,000.00	2,480,640,000.00	81,600,000.00
Army costs (Reichsmarks).....	1,048,100,000.00	756,187,051.50	1,804,287,051.50	50,600,000.00
Total (Reichsmarks).....	2,680,100,000.00	1,604,827,051.50	4,284,927,051.50	132,200,000.00
U.S. dollar equivalent ¹	\$1,059,107,665.84	\$646,667,062.08	\$1,705,774,727.92	*\$31,539,595.84
Agreement of Feb. 27, 1953, mixed claims (U.S. dollars).....	97,500,000.00	.....	97,500,000.00	73,500,000.00
	Cumulative payments; interest	Total outstanding	Unmatured principal	Principal and interest due and unpaid
Agreement as of June 23, 1930, and May 26, 1932:				
Mixed claims (Reichsmarks).....	5,610,000.00	2,393,430,000.00	367,200,000.00	2,026,230,000.00
Army costs (Reichsmarks).....	856,406.25	1,752,830,645.25	.....	1,752,830,645.25
Total (Reichsmarks).....	6,466,406.25	4,146,260,645.25	367,200,000.00	*3,779,060,645.25
U.S. dollar equivalent ¹	*\$2,048,213.85	\$1,672,186,918.23	\$148,091,760.00	\$1,524,095,158.23
Agreement of Feb. 27, 1953, mixed claims (U.S. dollars).....	.....	24,000,000.00	24,000,000.00	.....

¹ Agreement of Feb. 27, 1953, provided for cancellation of 24 bonds totaling 489,600,000 Reichsmarks and issuance of 26 dollar bonds totaling \$97,500,000. The dollar bonds mature serially over 25 years beginning Apr. 1, 1953. All unmatured bonds are of \$4,000,000 denomination. Includes 4,027,611.95 Reichsmarks (1,529,049.45 on moratorium agreement (Army costs) and 2,498,562.50 interest on funded agreement) deposited by German Government in the Konversionskasse für Deutsche Auslandsschulden and not paid to the United States in dollars as required by the debt and moratorium agreement.

² The unpaid portion of this indebtedness is converted at 40.33 cents to the Reichsmarks, which was the exchange rate at the time of default. The 1930 agreement provided for a conversion formula for payments relating to the time of payment. These figures are estimates made solely for this statistical report.

³ Payments converted to U.S. dollars at rate applicable at the time of payment; i.e., 40.33 or 23.82 cents to the Reichsmark.

TABLE C-1.—Foreign loans and other credits of U.S. Government agencies, as of June 30, 1972, summary by program

Credit program	[In dollars or dollar equivalents]			
	Principal outstanding			Accounts receivable
	Total	Long-term credits	Short-term credits	
Total, worldwide.....	30,580,537,269	30,126,766,087	81,651,369	372,119,813
Under foreign assistance and related acts.....	13,026,528,794	12,735,831,589	14,914,544	275,782,661
Country loans.....	11,420,500,965	11,420,500,965		
Social progress trust fund.....	506,614,304	506,614,304		
Deficiency and basic material development.....	7,821,985	7,821,985		
Financing of military sales.....	868,565,001	793,252,558	14,914,544	60,397,899
OPIC—Investment support.....	7,641,777	7,641,777		
Logistical support.....	206,980,012			206,980,012
Military assistance advisory groups.....	2,795,414			2,795,414
Housing guarantee receivables.....	712,718			712,718
AID refund claims—Grant assistance.....	4,896,618			4,896,618
Under Mutual Education and Cultural Exchange Act.....	794,294	794,294		
Under Agricultural Trade Development and Assistance Act.....	6,561,744,394	6,560,122,321		1,622,073
Currency loans to foreign governments.....	3,700,593,012	3,700,593,012		
Currency loans to private enterprises.....	162,511,173	162,511,173		
Long-term dollar sales.....	2,697,018,135	2,697,018,135		
AID refund claims—Grant assistance.....	1,622,073			1,622,073

Under Commodity Credit Corporation Charter Act.....	581,868,634	516,854,241	65,014,393	.....	17,845,475
Under Export-Import Bank Act.....	5,913,815,686	5,895,970,211	.....	288,522	28,770,625
Postal debt settlements.....	30,731,519	1,672,372	.....	.....	.....
Administrative area development.....	9,363,494	9,363,494	.....	.....	.....
Surplus property sales.....	315,172,474	311,388,945	724,054	.....	3,059,475
Sales of overseas surpluses.....	312,009,960	311,285,906	724,054	.....	.....
Sales of domestic surpluses.....	103,039	103,039	.....	.....	.....
Sales of foreign service property.....	3,059,475	.....	.....	.....	3,059,475
British loan.....	2,834,730,083	2,834,730,083	.....	.....	.....
Loans to United Nations.....	70,899,043	70,899,043	.....	.....	.....
War account settlements and lend lease.....	1,151,614,831	1,126,279,027	.....	.....	25,335,804
Under Atomic Energy Act.....	19,484,243	16,667,747	.....	.....	2,816,496
Under Euratom Cooperation Act.....	51,160,320	46,538,651	.....	.....	4,621,669
International Ice Patrol.....	709,856	.....	709,856	.....	.....
Canal Zone Government.....	3,507,871	.....	.....	.....	3,507,871
Panama Canal Company.....	4,676,143	.....	.....	.....	4,676,143
Federal Aviation Administration.....	266,417	.....	.....	.....	266,417
United States Coast Guard.....	149,147	.....	.....	.....	149,147
Tennessee Valley Authority.....	3,259,823	.....	.....	.....	3,259,823
Immigration and Naturalization Service.....	267,569	.....	.....	.....	267,569
National Bureau of Standards.....	42,931	.....	.....	.....	42,931
National Oceanic and Atmospheric Administration.....	37,459	.....	.....	.....	37,459
Department of the Interior.....	647	.....	.....	.....	647
Adjustments.....	-288,400	-345,928	.....	.....	57,528
Indonesian debt rescheduling of Mar. 16, 1971.....	-345,928	-345,928	.....	.....	.....
Overpayments other than AID refund claims.....	57,528	.....	.....	.....	57,528

TABLE C-1.—Foreign loans and other credits of U.S. Government agencies, as of June 30, 1972,
summary by program—Continued
(In dollars or dollar equivalents)

Credit program	Principal and interest due and unpaid 90 days or more			
	Total	Long-term credits	Short-term credits	Accounts receivable
Total, worldwide.....	678,039,280	375,857,627	5,926,504	296,255,149
Under Foreign Assistance and Related Acts.....	277,077,673	27,508,300	5,387,930	244,181,443
Country loans.....	24,106,561	24,106,561		
Social progress trust fund.....				
Deficiency and basic material development.....	1,363,992	1,363,992		
Financing of military sales.....	38,470,427	1,989,597	5,387,930	31,092,900
GPIC—Investment support.....	48,150	48,150		
Logistical support.....	205,114,674			205,114,674
Military assistance advisory groups.....	2,735,441			2,735,441
Housing guarantee receivables.....	712,718			712,718
AID refund claims—Grant assistance.....	4,525,710			4,525,710
Under Mutual Education and Cultural Exchange Act.....				
Under Agricultural Trade Development and Assistance Act.....	53,750,831	52,199,626		1,551,205
Currency loans to foreign governments.....	34,762,710	34,762,710		
Currency loans to private enterprises.....	13,247,765	13,247,765		
Long-term dollar sales.....	4,189,151	4,189,151		
AID refund claims—Grant assistance.....	1,551,205			1,551,205
Under Commodity Credit Corporation Charter Act.....				
Under Export-Import Bank Act.....	101,479,921	87,545,826		13,934,095
Postal debt settlements.....	4,940,174		288,522	4,651,652

Administrative area development.....			
Surplus property sales.....	50,516,185	50,516,185	
Sales of overseas surpluses.....	50,379,301	50,379,301	
Sales of domestic surpluses.....	136,884	136,884	
Sales of foreign service property.....			
British loan.....			
Loans to United Nations.....			
War account settlements and lend lease.....	183,423,494	158,087,690	25,335,804
Under Atomic Energy Act.....	934,683		934,683
Under Euratom Cooperation Act.....	3,259		3,259
International Ice Patrol.....	250,052	250,052	
Canal Zone Government.....	2,933,870		2,933,870
Panama Canal Company.....	2,487,965		2,487,965
Federal Aviation Administration.....	82,032		82,032
United States Coast Guard.....	27,878		27,878
Tennessee Valley Authority.....			
Immigration and Naturalization Service.....	55,618		55,618
National Bureau of Standards.....	20,054		20,054
National Oceanic and Atmospheric Administration.....	4,061		4,061
Department of the Interior.....	25		25
Adjustments.....	51,505		51,505
Indonesian debt rescheduling of Mar. 16, 1971.....			
Overpayments other than AID refund claims.....	51,505		51,505

TABLE C-2.—Foreign loans and other credits of United States Government agencies, as of June 30, 1972; summary by area and country

[In dollars or dollar equivalents]								
Area/country	Principal outstanding			Principal and interest due and unpaid 90 days or more				
	Total	Long-term credits	Short-term credits	Accounts receivable	Total	Due on long-term credits ¹	Due on short-term credits	Due on accounts receivable
Total, all countries and international organizations.....	30,580,537,269	30,126,766,088	81,651,368	372,119,813	678,039,280	375,857,627	5,926,504	296,255,149
<hr/>								
Western Europe (excluding Greece and Turkey).....	6,306,598,207	6,221,816,412	20,427,655	64,354,140	24,516,779	549	3,864,417	20,651,813
<hr/>								
Austria.....	47,051,325	46,729,916	85,037	236,372	7,861	.....	1,668	6,193
Belgium.....	56,736,268	55,631,956	858,392	245,920	23,005	.....	9,516	13,489
Denmark.....	23,334,506	21,533,950	737,093	1,063,463	68,031	.....	4,852	63,179
Finland.....	53,106,949	52,030,863	.....	1,076,086	55	.....	.....	55
France.....	311,119,947	306,937,747	130,997	4,051,203	169,364	.....	16,707	152,657
Germany, Federal Republic of.....	40,541,599	29,659,497	6,025,871	4,856,231	172,960	.....	.....	172,960
Iceland.....	24,741,586	24,741,186	.....	400	400	.....	.....	400
Ireland.....	108,525,322	104,852,063	3,332,796	340,463	1,333	.....	.....	1,333
Italy.....	243,148,081	221,778,623	2,390,766	18,978,692	16,923,256	.....	2,346,087	14,577,169
Liechtenstein.....	508	.....	.....	508	.....	.....	.....	.....
Luxembourg.....	1,587,410	1,563,871	14,386	9,153	6,158	.....	6,158	.....
Malta.....	803,637	802,186	.....	1,451	71	.....	.....	71

Netherlands.....	28,578,925	26,060,458	91,786	2,426,681	371,797	371,797
Norway.....	50,082,386	45,567,794	3,420,481	1,094,111	253,163	181,476
Portugal.....	80,600,213	80,474,678	.....	125,535	24,573	24,425
Spain.....	542,034,153	526,334,344	27,916	15,671,893	148	5,009,913
					401	26,085
Sweden.....	11,421,805	8,796,493	1,281,493	1,343,819	12,867	12,867
Switzerland.....	954,574	.....	10,591	943,983	37,683	37,683
United Kingdom....	3,962,806,695	3,955,493,270	92,809	7,220,616	19,684	16,016
Vatican City.....	9,051	.....	.....	9,051	.....	.....
Yugoslavia.....	568,407,236	568,354,275	44,752	8,209	35,899	6,188
European Atomic Energy Community.....	59,783,235	55,161,566	.....	4,621,669	3,259	3,259
European Coal and Steel Community..	41,300,000	41,300,000	.....	.....	.....	.....
North Atlantic Treaty Organization.....	1,980,242	69,122	1,882,489	28,631	1,348,961	1,348,278
Western Europe— Regional.....	47,942,554	47,942,554	.....	.....	.....	683
Eastern Europe....	285,141,476	284,194,926	619,664	326,886	100,703,311	100,507,897
Bulgaria.....	3,002	.....	.....	3,002	.....	195,414
Czechoslovakia....	4,945,560	4,869,868	.....	75,692	6,212,295	6,212,295
Germany, Soviet Zone.....	52,594	.....	.....	52,594	.....	.....
Hungary.....	1,380,690	1,380,690	.....	.....	1,104,552	1,104,552
Poland.....	89,620,844	89,001,180	619,664	.....	.....	.....
Rumania.....	42,353,440	42,353,440	.....	.....	.....	.....
U.S.S.R.....	146,785,346	146,589,748	.....	195,598	93,386,464	93,191,050
						195,414

See footnote at end of table.

TABLE C-2.—Foreign loans and other credits of United States Government agencies, as of June 30, 1972; summary
by area and country—Continued

[In dollars or dollar equivalents]

Area/country	Principal outstanding			Principal and interest due and unpaid 90 days or more				
	Total	Long-term credits	Short-term credits	Accounts receivable	Total	Due on long-term credits ¹	Due on short-term credits	Due on accounts receivable
Near East (including Greece, Turkey, and Egypt).....	4,023,356,464	3,901,727,376	3,720,105	117,908,983	180,144,044	70,227,674	170,019	109,746,351
Cyprus.....	3,875,663	3,875,658	.....	5	201,812	201,807	.....	5
Egypt, Arab Republic of.....	541,391,785	541,339,391	.....	52,394	31,629,862	31,599,090	.....	30,772
Greece.....	208,416,760	186,925,650	39,892	21,451,218	18,400,031	180	.....	18,399,851
Iran.....	768,751,386	767,018,994	426,499	1,305,893	36,807,419	35,623,767	50,983	1,132,669
Iraq.....	13,677,043	13,677,043	.....	.....	14	14	.....	.....
Israel.....	1,065,958,745	1,060,033,845	909,686	5,015,214	1,026,458	44,996	72,760	908,702
Jordan.....	34,553,091	30,667,340	2,296,180	1,589,571	1,458,427	.....	.....	1,458,427
Kuwait.....	30,004,266	30,000,000	.....	4,266	.....	.....	.....	.....
Lebanon.....	18,524,845	18,161,205	45,868	317,772	247,240	.....	44,296	202,944
Saudi Arabia.....	66,565,068	66,556,314	.....	8,754	2,964	.....	.....	2,964
Syria.....	11,962,602	11,922,435	.....	40,167	2,487,149	2,446,982	.....	40,167
Turkey.....	1,259,573,775	1,171,549,501	1,980	88,022,294	87,782,417	310,838	1,980	87,469,599
United Arab Emirates.....	709	.....	.....	709	.....	.....	.....	.....
Yemen.....	475	.....	.....	475	.....	.....	.....	.....
Central Treaty Organization.....	100,251	.....	.....	100,251	100,251	.....	.....	100,251
South Asia.....	7,985,914,896	7,979,409,268	719,328	5,786,300	39,312,504	33,586,041	167,202	5,559,261

Afghanistan.....	58,664,762	58,664,445	.....	317	426	109	.....	317
Bangladesh.....	33	.....	.....	33	33	.....	.....	33
India.....	5,817,088,677	5,812,115,905	118	4,972,654	21,011,771	16,141,631	118	4,870,022
Nepal.....	3,667,094	3,488,068	.....	179,026	179,026	.....	.....	179,026
Pakistan.....	2,006,776,116	2,005,434,663	719,210	622,243	16,995,480	16,321,281	167,084	507,115
Sri Lanka.....	97,718,214	97,706,187	.....	12,027	1,125,768	1,123,020	.....	2,748
South Asia— Regional.....	2,000,000	2,000,000	.....	.....	.....	.....	.....	.....
<hr/>								
Africa (excluding Egypt).....	1,665,281,827	1,638,410,830	10,206,937	16,664,060	23,005,069	6,455,669	280,154	16,269,246
Algeria.....	20,575,576	20,574,006	.....	1,570	.....	.....	.....	.....
Angola.....	5,219,938	5,219,938	.....	.....	.....	.....	.....	.....
Botswana.....	40	40	.....	.....	.....	.....	.....	.....
Cameroon.....	26,017,514	26,017,514	.....	.....	.....	.....	.....	.....
Central African Republic.....	97,570	97,450	.....	120	.....	.....	.....	.....
Chad.....	22	.....	.....	22	.....	.....	.....	.....
Dahomey.....	791,364	791,364	.....	.....	.....	.....	.....	.....
Ethiopia.....	86,867,837	72,541,769	.....	14,326,068	14,755,996	430,008	.....	14,325,988
Gabon.....	408	.....	.....	408	.....	.....	.....	.....
Gambia.....	3,180	.....	.....	3,180	.....	.....	.....	.....
Ghana.....	187,100,535	185,011,036	1,667,603	421,896	512,040	86,615	51,276	374,149
Guinea.....	41,516,624	40,961,443	.....	555,181	968,709	416,453	.....	552,256
Ivory Coast.....	30,210,741	30,202,737	.....	8,004	.....	.....	.....	.....
Kenya.....	26,264,109	26,227,958	.....	36,151	.....	.....	.....	.....
Liberia.....	133,992,586	133,584,356	314,232	93,998	535,854	245,510	226,056	64,288
Libya.....	17,885	.....	.....	17,885	17,885	.....	.....	17,885
Malagasy Republic..	4164,383	4,164,383	.....	.....	.....	.....	.....	.....
Malawi.....	5,591,167	5,589,880	.....	1,287	1,287	.....	.....	1,287
Mali.....	1,687,899	1,666,028	.....	21,871	19,528	19,528	.....	.....
Mauritius.....	304	.....	.....	304	.....	.....	.....	.....
Morocco.....	466,004,966	465,671,601	8,936	324,429	218,450	11,947	2,822	203,681
Niger.....	2,364,492	2,363,301	.....	1,191	.....	.....	.....	.....
Nigeria.....	82,866,454	82,807,335	.....	59,119	130,217	116,192	.....	14,025
Rhodesia.....	43,579	.....	.....	43,579	1,008,451	964,872	.....	43,579

See footnote at end of table.

TABLE C-2.—Foreign loans and other credits of United States Government agencies, as of June 30, 1972; summary
by area and country—Continued
[In dollars or dollar equivalents]

Area/country	Principal outstanding				Principal and interest due and unpaid 90 days or more			
	Total	Long-term credits	Short-term credits	Accounts receivable	Total	Due on long-term credits	Due on short-term credits	Due on accounts receivable
Rwanda.....	316	.....	.....	316	.....	.....	.....	.....
St. Helena.....	515	.....	.....	515	.....	.....	.....	.....
Senegal.....	1,051,837	1,051,837	.....	.....	.....	.....	.....	.....
Seychelles.....	135	.....	.....	135	.....	.....	.....	.....
Sierra Leone.....	12,950,647	12,285,566	.....	665,081	2,527,699	1,888,414	.....	639,285
Somali Republic.....	13,635,504	13,635,360	.....	144	1,453,873	1,453,780	.....	93
South Africa.....	6,400,691	.....	6,358,091	42,600	26,766	.....	.....	26,766
Sudan.....	17,782,260	17,780,570	.....	1,690	1,375	1,375	.....	.....
Swaziland.....	250,012	250,000	.....	12	.....	.....	.....	.....
Tanzania.....	33,369,763	33,355,886	.....	13,877	415	.....	.....	415
Togo.....	583,504	583,504	.....	.....	.....	.....	.....	.....
Tunisia.....	307,869,396	307,859,010	.....	10,386	422,473	421,855	.....	618
Uganda.....	10,988,673	10,985,567	.....	3,106	.....	.....	.....	.....
Zaire.....	115,170,829	113,302,819	1,858,075	9,935	4,931	.....	.....	4,931
Zambia.....	8,091,240	8,091,240	.....	.....	399,120	399,120	.....	.....
East African Commonwealth Services Organization.....	2,074,481	2,074,481	.....	.....	.....	.....	.....	.....
University of East Africa.....	2,726,000	2,726,000	.....	.....	.....	.....	.....	.....
West Africa Development Bank.....	1,262,356	1,262,356	.....	.....	.....	.....	.....	.....
Africa-Regional.....	9,674,495	9,674,495	.....	.....	.....	.....	.....	.....
Eastern Asia and Pacific.....	4,048,037,863	3,909,065,359	38,880,249	100,092,255	165,577,530	72,843,349	424,251	92,309,930
Australia.....	405,627,518	404,905,663	2,285	719,570	219,889	.....	.....	219,889

Brunel.....	13,929,900	13,929,900	7,068	33,976	121	121	121
Burma.....	48,627,262	48,586,218					
China, Peoples Republic of.....	175,295			175,295	121,563		121,563
China, Republic of...	490,848,329	468,532,160	369,005	21,947,164	91,192,933	70,578,703	369,005 20,245,225
Fiji Islands.....	15,187			15,187			
French Polynesia...	6,223			6,223			
Gilbert and Ellice Islands.....	311			311			
Hong Kong.....	4,081,338	2,448,000	684,417	948,921	62		62
Indonesia.....	865,207,430	865,111,657		95,773	2,102	122	1,980
Japan.....	853,692,758	847,206,892	3,837,110	2,648,756	112,181		112,181
Khmer Republic...	4,166,139	2,050,341		2,115,798	2,114,318		2,114,318
Korea, Republic of..	787,930,858	761,509,294	24,176,741	2,244,823	1,721,688	244,013	1,477,675
Laos.....	42,283			42,283	33,517		33,517
Macao.....	5,990			5,990			
Malaysia.....	41,762,843	41,731,539		31,304	1,041		1,041
New Caledonia.....	445			445			
New Guinea (Papua).....	25,491,885	25,491,885					
New Hebrides.....	78			78			
New Zealand.....	45,848,919	45,719,705		129,214	29,453		29,453
Philippines.....	316,965,840	268,577,709	51,075	48,337,056	50,094,734	2,020,511	51,075 48,023,148
Pitcairn Island.....	14			104			
Singapore.....	21,111	74,562	7,080	128,772	22,472	174	22,298
Thailand.....	111,926,437	82,986,127	9,745,468	19,195,102	19,053,596	3,997	19,049,599
Vietnam, Republic of.....	31,466,103	30,203,707		1,262,396	857,860		857,860
Western Samoa.....	7,714			7,714			
Western Hemisphere.....	6,004,286,872	5,941,002,431	7,077,430	56,207,011	134,019,635	92,236,448	1,020,461 40,762,726
Antigua.....	2,599,715	843,750		1,755,965	1,755,965		1,755,965
Argentina.....	354,415,247	350,101,239	463	4,313,545	3,488,274	1,606,941	1,881,333

See footnote at end of table.

TABLE C-2.—Foreign loans and other credits of United States Government agencies, as of June 30, 1972; summary
by area and country—Continued

Area/country	Principal outstanding				Principal and interest due and unpaid 90 days or more			
	Total	Long-term credits	Short-term credits	Accounts receivable	Total	Due on long-term credits ¹	Due on short-term credits	Due on accounts receivable
Bahamas.....	13,481,382	12,021,042	.....	1,460,340	1,331,673	.....	.....	1,331,673
Bermuda.....	2,956,532	2,885,183	.....	71,349	.....	.....	.....	.....
Bolivia.....	207,713,015	205,012,351	1,666,294	1,034,370	2,163,038	1,322,116	288,522	522,400
Brazil.....	1,683,008,958	1,680,582,225	2,283,365	143,368	371,564	330,119	1,018	40,427
British Honduras.....	59,345	16,712	.....	22,633	.....	.....	.....	.....
British Virgin Islands.....	1,878	.....	.....	1,878	120	.....	.....	120
Canada.....	71,580,514	65,977,108	5,386	5,598,020	2,313,379	.....	1,647	2,311,732
Cayman Islands.....	39,891	.....	.....	39,891	.....	.....	.....	.....
Chile.....	927,412,320	922,119,450	3,181	5,289,689	38,727,353	34,582,679	1,858	4,142,816
Colombia.....	766,085,827	754,440,418	54,987	11,590,422	12,325,938	720,420	54,587	11,550,531
Costa Rica.....	73,678,342	72,727,342	.....	951,000	573,869	17,167	.....	556,702
Cuba.....	39,224,590	36,266,581	.....	2,958,009	52,535,100	49,645,348	.....	2,889,752
Dominican Republic.....	220,727,695	218,306,687	303,280	2,117,726	1,292,477	50,013	303,280	939,184
Ecuador.....	117,392,553	115,347,589	323,248	1,721,716	3,083,494	1,087,183	323,248	1,673,063
El Salvador.....	57,313,268	57,017,405	.....	295,863	227,593	146	.....	227,447
French Guiana.....	817	.....	.....	817	.....	.....	.....	.....
Grenada.....	2,798	.....	.....	2,798	.....	.....	.....	.....
Guadeloupe.....	6,435	.....	.....	6,435	.....	.....	.....	.....
Guatemala.....	52,969,303	52,042,226	801,460	125,617	53,568	.....	.....	53,568
Guyana.....	29,932,770	29,776,143	.....	156,627	.....	.....	.....	.....
Haiti.....	33,846,393	33,270,373	.....	576,020	391,404	389,893	.....	1,511
Honduras.....	43,501,330	43,400,307	.....	101,023	86,531	.....	.....	86,531

[In dollars or dollar equivalents]

Jamaica.....	29,920,493	29,123,482	649,165	147,846	31	.....	31
Martinique.....	8,179	.....	.....	8,179	.....	.....	.....
Mexico.....	396,038,768	393,859,642	422	2,178,704	1,230,922	667,796	17 563,109
Montserrat.....	366	.....	.....	366	.....	.....	.....
Netherlands							
Antilles.....	994,986	.....	930,121	64,865	.....	.....	.....
Nicaragua.....	82,388,719	82,132,768	20,767	235,184	250,020	20,767	229,253
Panama.....	110,148,925	101,829,868	35,126	8,283,931	5,503,455	24,986	5,478,470
Paraguay.....	51,722,826	51,646,733	.....	76,093	1,552,603	1,482,371	70,232
Peru.....	206,314,755	204,805,761	.....	1,508,994	1,519,285	203,509	1,315,776
St. Pierre and							
Miquelon.....	278	.....	.....	278	.....	.....	.....
Surinam.....	4,064,380	4,033,489	.....	30,891	.....	.....	.....
Trinidad and							
Tobago.....	11,383,194	11,348,967	.....	34,227	7	.....	7
Turks and Caicos							
Islands.....	8,240	.....	.....	8,240	.....	.....	.....
Uruguay.....	69,374,005	67,806,108	.....	1,567,897	1,508,415	4,247	1,504,168
Venezuela.....	252,100,503	250,868,542	165	1,231,796	1,239,157	126,500	131 1,112,526
Central American							
Bank for Eco-							
nomic Integration.	81,256,028	81,256,028	.....	.....	.....	.....	.....
Western Hemi-							
sphere—Regional.	3,386,910	3,386,910	.....	.....	.....	.....	.....
Western Hemi-							
sphere—Unspeci-	7,244,399	6,750,000	.....	494,399	494,399	.....	494,399
fied.....	.....	.....	.....	.....	.....	.....	.....
Worldwide.....	261,919,664	251,139,486	.....	10,780,178	10,760,408	.....	10,760,408
United Nations.....	78,246,159	70,899,043	.....	7,347,116	7,347,116	.....	7,347,116
Worldwide—							
Unspecified.....	183,673,505	180,240,443	.....	3,433,062	3,413,292	.....	3,413,292

¹ Includes amounts shown in tables headed, "Principal and Interest Due and Unpaid 90 Days or More," p. 158; and "Refund Claims on Long-Term Foreign Loans of the Agency for International Development," p. 164.

² Amount due on an obligation guaranteed by Rhodesia and Zambia. The outstanding principal balance on the loan is included in the total shown for Africa—Regional.

TABLE C-3.—Foreign loans and other credits of U.S. Government agencies, as of Dec. 31, 1972, summary by area and country

[In dollars or dollar equivalents]

Area/country	Principal and interest due and unpaid 90 days or more			
	Total	Due on long-term credits ¹	Due on short-term credits	Due on accounts receivable
Total, all countries and international organizations.....	639,119,917	334,164,629	9,954,136	295,001,152
Western Europe (excluding Greece and Turkey).....	19,331,217	148	1,901,127	17,429,942
Austria.....	6,355		6,150	205
Belgium.....	93,328		45,477	47,851
Denmark.....	466,490		358,840	107,650
Finland.....				
France.....	441,141			441,141
Germany, Federal Republic of.....	190,552			190,552
Iceland.....				
Ireland.....	3,309		2,459	850
Italy.....	16,245,484		565,777	15,679,707
Luxembourg.....	9,390		9,390	
Malta.....	71			71
Netherlands.....	332,711			332,711
Norway.....	124,033		107,367	16,666
Portugal.....	73,337	148		73,189
Spain.....	388,347		44,541	343,806
Sweden.....	39,437		38,067	1,370
Switzerland.....	13,681		10,652	3,029
United Kingdom.....	224,733		200,455	24,278
Vatican City.....				
Yugoslavia.....	43,201		36,778	6,423
European Atomic Energy Community.....	25,838			25,838
European Coal and Steel Community.....				
North Atlantic Treaty Organization.....	609,779		475,174	134,605
Western Europe—Regional.....				
Eastern Europe.....	7,627,301	7,627,301		
Bulgaria.....				
Czechoslovakia.....	6,522,749	6,522,749		
Germany, Soviet Zone.....				
Hungary.....	1,104,552	1,104,552		
Poland.....				
Romania.....				
Union of Soviet Socialist Republics.....				

See footnote at end of table.

TABLE C-3.—Foreign loans and other credits of U.S. Government agencies, as of Dec. 31, 1972, summary by area and country—Con.

[In dollars or dollar equivalents]

Area/country	Principal and interest due and unpaid 90 days or more			
	Total	Due on long-term credits ¹	Due on short-term credits	Due on accounts receivable
Near East (including Greece, Turkey, and Egypt).....	189,174,080	77,516,738	2,822,133	108,835,209
Cyprus.....	5			5
Egypt, Arab Republic of.....	38,920,397	38,919,488		909
Greece.....	18,258,800		39,880	18,218,920
Iran.....	37,057,763	35,513,711	1,125,070	418,982
Iraq.....	14	14		
Israel.....	1,240,373	69,126	198,749	972,498
Jordan.....	2,860,076		1,451,469	1,408,607
Kuwait.....				
Lebanon.....	220,596		1,827	218,769
Qatar.....				
Saudi Arabia.....	1,848			1,848
Southern Yemen.....				
Syrian Arab Republic ..	2,710,824	2,670,658		40,166
Turkey.....	87,903,384	343,741	5,138	87,554,505
United Arab Emirates.....				
Yemen Arab Republic.....				
South Asia.....	18,763,439	13,073,142	30	5,690,267
Afghanistan.....	426	109		317
Bangladesh.....				
India.....	16,360,503	11,369,882		4,990,621
Nepal.....	179,056		30	179,026
Pakistan.....	737,142	219,587		517,555
Sri Lanka.....	1,486,312	1,483,564		2,748
South Asia—Regional ..				
Africa (excluding Egypt).....	22,961,595	6,991,168	378,825	15,591,602
Algeria.....	1,570			1,570
Angola.....	3,631			3,631
Botswana.....				
Cameroon.....				
Central African Republic.....				
Chad.....				
Dahomey.....	93	93		
Ethiopia.....	14,325,741		457	14,325,284
Gabon.....				
Gambia.....				
Ghana.....	776,985	203,045	51,276	522,664
Guinea.....	1,138,591	632,648		505,943
Ivory Coast.....				
Kenya.....				

¹ See footnote at end of table.

TABLE C-3.—Foreign loans and other credits of U.S. Government agencies, as of Dec. 31, 1972, summary by area and country—Con.

[In dollars or dollar equivalents]

Area/country	Principal and interest due and unpaid 90 days or more			
	Total	Due on long-term credits ¹	Due on short-term credits	Due on accounts receivable
Liberia.....	582,858	251,954	314,232	16,672
Libya.....	16,720		4,386	12,334
Malagasy Republic.....				
Malawi.....	1,287			1,287
Mali.....	26,133	26,133		
Mauritius.....				
Morocco.....	10,249		8,474	1,775
Niger.....				
Nigeria.....	251,474	226,522		24,952
Rhodesia.....	1,241,086	1,197,507		43,579
Rwanda.....				
St. Helena.....				
Senegal.....	83,722			83,722
Seychelles.....				
Sierra Leone.....	1,987,529	1,985,744		1,785
Somali Republic.....	1,506,658	1,506,565		93
South Africa.....	26,766			26,766
Sudan.....				
Swaziland.....				
Tanzania.....	18,927			18,927
Togo.....				
Tunisia.....	435,234	434,616		618
Uganda.....	9	9		
Zaire.....				
Zambia.....	526,332	526,332		
East African Common Services Organization.....				
University of East Africa.....				
West Africa Development Bank.....				
Africa-Regional.....				
Eastern Asia and Pacific.....	174,152,531	78,999,132	915,534	94,237,865
Australia.....	374,092		12,844	361,248
Brunei.....				
Burma.....	148	6		142
China, Peoples Republic of.....	129,426			129,426
China, Republic of.....	93,950,604	73,372,850	344,305	20,233,449
Fiji Islands.....				
French Polynesia.....				
Gilbert and Ellice Islands.....				
Hong Kong.....				
Indonesia.....	101,981	29,156		72,825

See footnote at end of table.

TABLE C-3.—Foreign loans and other credits of U.S. Government agencies, as of Dec. 31, 1972, summary by area and country—Con.

[In dollars or dollar equivalents]

Area/country	Principal and interest due and unpaid 90 days or more			
	Total	Due on long-term credits ¹	Due on short-term credits	Due on accounts receivable
Japan.....	752,421		477,770	274,651
Khmer Republic.....	2,114,318			2,114,318
Korea, Republic of.....	5,376,460	3,530,564	33,762	1,812,134
Laos.....	8,562			8,562
Macao.....				
Malaysia.....	829,790			829,790
New Caledonia.....				
New Guinea (Papua).....				
New Hebrides.....				
New Zealand.....	61,974			61,974
Philippines.....	50,329,449	2,066,556	35,890	48,227,003
Pitcairn Island.....				
Singapore.....	19,841		6,339	13,502
Thailand.....	19,057,473		4,624	19,052,849
Tonga.....				
Vietnam, Republic of....	1,045,992			1,045,992
Western Samoa.....				
Western Hemisphere.....	197,522,791	149,957,002	3,936,487	43,629,302
Antigua.....	1,831,589	137,100		1,694,489
Argentina.....	4,306,803	1,615,141	57,822	2,633,840
Bahamas.....	1,338,683			1,338,683
Bermuda.....	335			335
Bolivia.....	1,916,915	1,337,752		579,163
Brazil.....	3,575,519	378,815	3,154,793	41,911
British Honduras.....				
British Virgin Islands.....				
Canada.....	2,125,970		4,319	2,121,651
Cayman Islands.....				
Chile.....	92,717,021	86,163,637	3,181	6,550,203
Colombia.....	11,806,373	158,384	37,681	11,610,308
Costa Rica.....	743,322	19,358		723,964
Cuba.....	56,919,950	54,010,348		2,909,602
Dominican Republic....	3,301,483	2,032,185	303,280	966,018
Ecuador.....	2,008,181	584,447	325,792	1,097,942
El Salvador.....	243,217			243,217
French Guiana.....				
Grenada.....				
Guadeloupe.....				
Guatemala.....	314,843	261,162		53,681
Guyana.....				
Haiti.....	254,355	253,010		1,345
Honduras.....	86,858			86,858
Jamaica.....	6,501			6,501
Martinique.....				

See footnote at end of table.

TABLE C-3.—Foreign loans and other credits of U.S. Government agencies, as of Dec. 31, 1972, summary by area and country—Con.

[In dollars or dollar equivalents]

Area/country	Principal and interest due and unpaid 90 days or more			
	Total	Due on long-term credits ¹	Due on short-term credits	Due on accounts receivable
Mexico.....	1,737,757	1,201,900		535,857
Montserrat.....				
Netherlands Antilles....	1,000			1,000
Nicaragua.....	254,270	1,046	14,033	239,191
Panama.....	6,499,486		35,126	6,464,360
Paraguay.....	1,573,475	1,500,804		72,671
Peru.....	1,199,442	218,031		981,411
St. Christopher-Nevis-Anguilla.....				
St. Vincent.....				
Surinam.....	12,610			12,610
Trinidad and Tobago....	4,000			4,000
Turks and Caicos Islands.....				
Uruguay.....	1,248,646	6,682	76	1,241,888
Venezuela.....	984,781	77,200	384	907,197
Central American Bank for Economic Integration.....				
Western Hemisphere—Regional.....				
Western Hemisphere—Unspecified.....	509,406			509,406
Worldwide.....	9,586,965			9,586,965
United Nations.....	7,347,099			7,347,099
Worldwide—Unspecified.	2,239,866			2,239,866

¹Includes amounts shown in tables headed "Principal and Interest Due and Unpaid 90 Days or More," and "Refund Claims on Long-Term Foreign Loans of the Agency for International Development."

TABLE D.—Status of accounts under lend-lease and surplus property agreements (World War II) as of June 30, 1972
[Dollars in thousands]

	Credits				Status of amounts outstanding	
	Collections		Settlement obligation and interest billed (net)	Foreign currency (in U.S. dollar equivalent)	Other credits	Total outstanding
	U.S. dollars					
Australia.....	\$34,535	\$8,662	\$44,061		\$863	
Austria.....	3,054	6,980	10,591		556	
Belgium.....	41,390	12,196	116,627		61,340	\$1,699
Burma.....	1,005	5,560	6,708		142	
Canada.....	388,765		388,765			
China.....	16,062	1,591	192,163		8,521 {	165,987 } 91,611 { 74,375 2-3,584 } -3,584
Czechoslovakia.....	596	1,062	10,836		1,990	7,186 6,212 973
Denmark.....	4,266	931	5,240		42	
Ethiopia.....	3,899	23	4,558		635	
Finland.....	19,729	2,271	25,169		697	2,470
France.....	947,356	51,445	1,273,663		51,402	223,458
Germany, Federal Re-public of.....	3,855	218,755	* 224,418			1,808
Greece.....	41,703	29,344	72,203		1,156 {	2-1 } -1

See footnote at end of table.

TABLE D.—Status of accounts under lend-lease and surplus property agreements (World War II) as of June 30, 1972—Continued

[Dollars in thousands]

	Credits				Status of amounts outstanding	
	Collections		Settlement obligation and interest billed (net)	Total outstanding	Amounts past due 1	Due over a period of years by agreement
	U.S. dollars	Foreign currency (in U.S. dollar equivalent)					Other credits
Greenland.....	8	18,512	8	1,380	1,104	276
Hungary.....	.....	359	21,710	.....	.....	.....
Iceland.....	4,496	.....	4,855	.....	.....	.....
India.....	184,777	6,943	198,174	287	6,165	.....
Indonesia.....	44,017	3,765	85,083	904	.....	36,395
Iran.....	3,027	7,829	46,460	.....	35,603	.....
Iraq.....	(⁹)	.....	(⁹)	.....	.....	.....
Italy.....	165,077	98,269	268,135	3,541	1,247	1,247
Japan.....	.....	12,971	13,728	756	.....	.....
Korea.....	.....	3,026	44,369	3,977	28,906	28,906
Liberia.....	2,467	.....	19,440	.....	16,972	16,972
Lebanon.....	.....	521	1,656	1,134	.....	.....
Luxembourg.....	(⁹)	.....	(⁹)	.....	.....	.....
Middle East.....	11,142	39,234	50,377	.....	.....	.....
Netherlands.....	103,219	45,192	176,795	28,383	.....	.....
New Zealand.....	2,176	2,114	4,935	644	.....	.....
Norway.....	11,262	8,435	21,277	1,580	.....	.....
Pakistan.....	40,308	.....	40,308	.....	.....	.....

Philippines.....	5,000	.....	2,005	2,988	5	5
Poland.....	51,104	36,153	10,385	.....	4,565	4,565
Saudi Arabia.....	21,427	21,427	.....	.....	.....	.....
Southern Rhodesia.....	1,415	1,371	.....	.....	43	43
Sweden.....	2,115	240	1,824	50	.....	.....
Thailand.....	7,064	2,235	4,178	650	.....	.....
Turkey.....	14,474	11,082	2,110	1,281	.....	.....
Union of South Africa.....	117,774	116,608	242	923	.....	.....
United Kingdom.....	1,155,592	467,620	40,792	154,635	492,543	° 492,543
U.S.S.R.....	351,747	205,158	.....	.....	146,589	93,191 53,398
Yugoslavia.....	694	63	17	623	7	7
American Republic.....	136,685	114,365	11,921	3,154	7,244	76,750
American Red Cross.....	2,023	2,023	.....	.....	.....	.....
Federal agencies.....	243,114	243,092	21	.....	.....	.....
Military withdrawals.....	187	(⁹)	186	.....	.....	.....
Miscellaneous items.....	1,472	1,136	335	.....	.....	.....
United Nations Relief and Rehabilitation Adminis- tration.....	7,226	7,226	.....	.....	.....	.....
Total.....	5,491,448	3,308,012	660,025	334,688	° 1,176,697	234,384 942,314

¹ Principal and interest considered past due as of June 30, 1972, and items subject to negotiation.

² Credit. Represents amounts collected under advance payment agreements not applied to outstanding indebtedness.

³ Reduced due to settlement of a 3d party claim.

⁴ Agreement provides for repayment of 37,099,999.99 rupees.

⁵ Agreement dated Mar. 16, 1971, provides for payment of principal and interest semiannually on June 11 and Dec. 11 of each year beginning June 11, 1971, and June 11, 1985, respectively.

⁶ Includes \$84,881,702.21 principal and interest postponed pursuant to agreement.

⁷ Represents amount which is postponed by agreement pending settlement of certain claims.

⁸ Includes \$297,494,921.56 due under surplus property agreements, \$751,057,229.05 due under lend-lease settlements, and \$128,145,049.38 due under other lend-lease agreements.

⁹ Less than \$1,000.

Note.—No settlement agreement for lend-lease has been reached with China, Greece, or the U.S.S.R.

TABLE E-1.—Status of dollar repayable AID and predecessor agency loans as of June 30, 1973

[In thousands of dollars]

Country	Outstanding loan balance	1973 annual interest	Repay-ments principal	Amount delinquent	
				Interest	Principal
Argentina.....	64,785	1,164	4,537		
Bolivia.....	134,447	1,094	680	405	96
Brazil.....	974,519	13,193	3,164		
Chile.....	497,854	18		16,777	15,604
Colombia.....	665,067	9,225	4,965	28	
Costa Rica.....	46,365	519		22	
Dominican Republic..	142,026	1,750	2,149	224	
Ecuador.....	59,939	1,012	2,000		
El Salvador.....	37,150	458	391		
Guatemala.....	26,245	433	2,216		
Guyana.....	31,945	456			
Haiti.....					
Honduras.....	30,568	430	24		
Jamaica.....	9,459	186	311		
Mexico.....	62,638	1,084	1,150		
Nicaragua.....	58,914	854	91	3	8
Panama.....	71,887	1,300	2,888	3	
Paraguay.....	20,159	303	314	98	198
Peru.....	61,109	553	30	8	
Surinam.....	806	30	65		
Uruguay.....	41,922	715	623		
Venezuela.....	47,012	800	2,560		53
Latin American Regional.....	3,012	126	389		
East Caribbean Regional.....	125	1			
Central American Regional.....	93,046	862		9	
China.....	44,314	953	1,872		
Indonesia.....	250,625	3,717	1,223		
Korea.....	380,667	4,314	319		
Malaya.....	7,177	128	148		
Philippines.....	12,450	285	94		
Lebanon.....	880	54	411		
Nepal.....	150	1			
Pakistan.....	1,377,532	29,804			
Syria.....	427			20	
Turkey.....	623,681	11,132	4,387	575	2,426
Asia Regional.....	15,652	266	109		
Afghanistan.....	39,222	500	195		
Arab Republic of Egypt.....	63,962	1,786	2,019	54	84
Ceylon.....	18,153	516	526		
Greece.....	16,073	483	1,095		
India.....	2,746,500	33,687	12,930	1,629	3,394
Iran.....	77,569	2,746	10,447		
Israel.....	103,182	2,581	8,129	175	323

See footnotes at end of table.

TABLE E-1.—Status of dollar repayable AID and predecessor agency loans as of June 30, 1973—Continued

[In thousands of dollars]

Country	Outstanding loan balance	1973 annual interest	Repayments principal	Amount delinquent	
				Interest	Principal
Jordan	8,448	63			
Spain.....	11,574	430	3,352		
Thailand.....	12,241	384	304		
Vietnam.....					
Cameroon.....	12,295	99			
Dahomey.....	841	4		5	
Ethiopia.....	52,338	748	140		
Ghana.....	121,762	3,894	3,535		
Guinea.....	7,174	15		173	468
Ivory Coast.....	6,886	59	11		
Kenya.....	5,930	85		8	
Liberia.....	55,705	485		108	158
Libya.....					
Malagasy.....	4,377	30			
Malawi.....	6,690	121			
Mali.....	1,806	8		5	
Morocco.....	97,219	2,640	803		
Niger.....	2,654	17			
Nigeria.....	74,933	826	74	73	
Senegal.....					
Somalia.....	13,534	67		300	830
Sudan.....	4,465	5		1	
Tanzania.....	11,662	114	102		
Tunisia.....	147,465	1,895	287	4	
Uganda.....	10,349	91			
Zaire.....	68,199	1,690	1,093		
Africa Regional.....	49,113	750			
West Africa Regional.....	77				
East Africa Regional.....	3,463	38			
South Africa Regional.....					
Belgium.....	25,230	716	3,048		
Denmark.....	24,870	634	645		
Finland.....					
France.....					
Germany.....					
Iceland.....	7,762	285	1,185	10	36
Ireland.....	80,650	2,114	5,193		
Italy.....					
Luxembourg.....	1,361	56	202		
Netherlands.....					
Norway.....	14,325	383	1,339		
Poland.....	35,363	1,692	2,966		
Portugal.....	17,199	455	1,343	215	684
Sweden.....					
United Kingdom.....	236,620	6,225	16,356		

See footnotes at end of table.

TABLE E-1.—Status of dollar repayable AID and predecessor agency loans as of June 30, 1973—Continued

[In thousands of dollars]

Country	Outstanding loan balance	1973 annual interest	Repayments principal	Amount delinquent	
				Interest	Principal
Yugoslavia.....	10,252	357	695	.....	.....
European Community.	36,100	1,600	5,200	.....	.....
Grand total.....	10,440,147	158,594	120,324	10,932	14,362

¹ Discussions for possible rescheduling in process.

² The following amounts were received on July 2-3, 1973:

Country	Interest	Principal
Iceland.....	10	36
Portugal.....	215	684
Turkey.....	575	2,426
India.....	1,629	3,394
Total.....	2,429	6,540

TABLE E-2.—Status of dollar repayable Public Law 480 loans,¹ as of June 30, 1973

[In thousands of dollars]

Country	Outstanding balance	1973 annual repayments		Amount delinquent	
		Interest	Principal	Interest	Principal
Mexico.....	7,506	321	681	.....	1
Burma.....	3,978	122	173	.....	.....
Iran.....	2,094	64	57	.....	.....
Israel.....	28,899	349	750	53	181
Finland.....	12,918	392	186	.....	.....
Grand total.....	55,395	1,248	1,847	53	182

¹ Represent Public Law 480 "G" loans only.

TABLE E-3.—U.S. Military Export sales

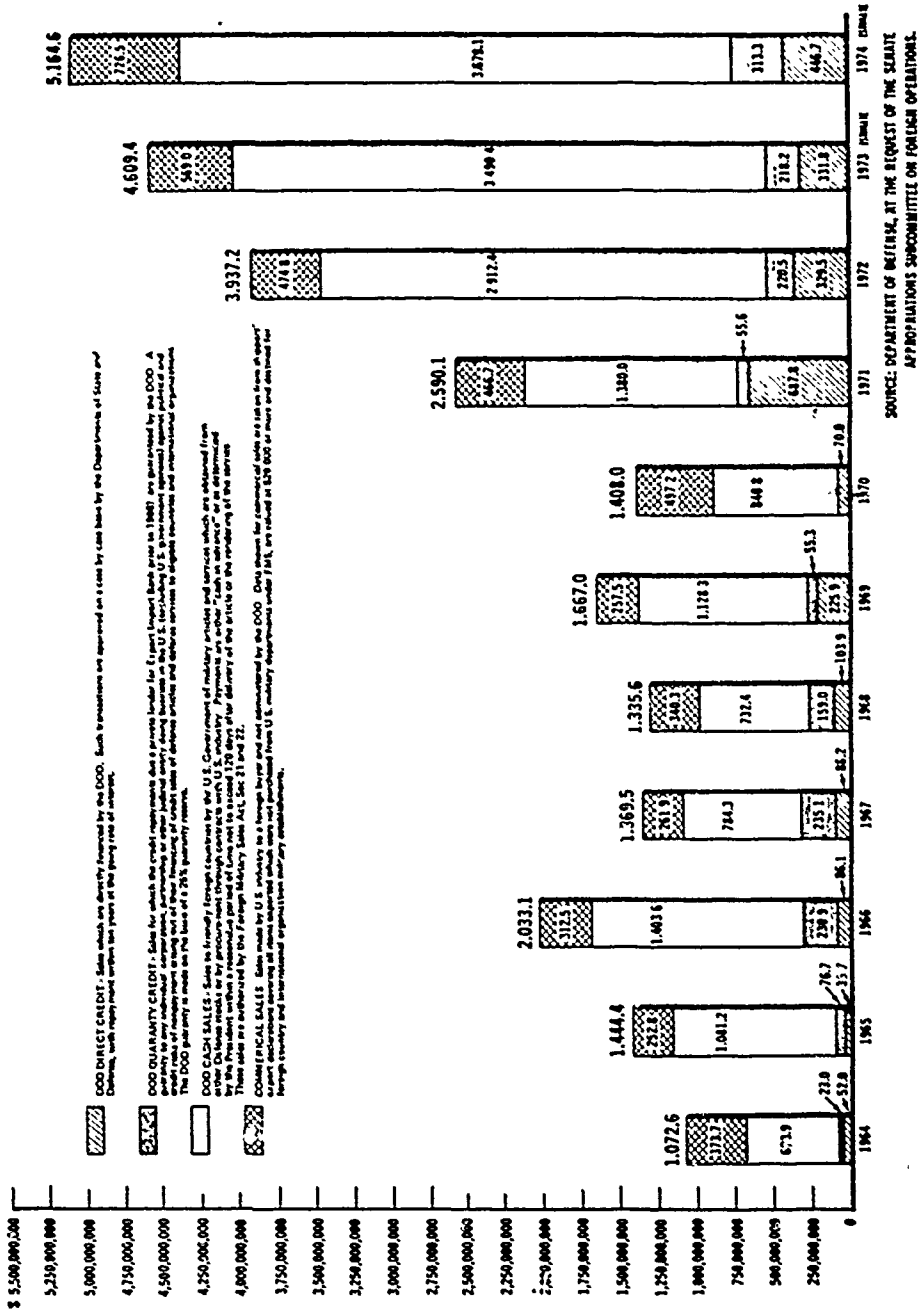


TABLE F.—Comparison of outstanding loans, U.S. assistance, and liquid liabilities**[In millions of dollars]**

	Outstanding foreign loans and other credits of U.S. Government agencies, as of June 30, 1972, summary by area		Major U.S. Government foreign assistance, military and other, July, 1945 to Dec. 31, 1971, summary by area, net total	U.S. liquid and other liabilities to official institutions of foreign countries, by area as of July, 1973.
	Principal outstanding	Principal and interest due and unpaid 90 days or more		
Western Europe (excluding Greece and Turkey).....	6,307	25	40,460	47,009
Eastern Europe.....	285	101	1,565	13,144
Near East (including Greece, Turkey, and Egypt).....	4,023	180	15,043	13,684
South Asia.....	7,986	39	14,104	
Eastern Asia and Pacific....	4,048	166	46,203	
Africa (excluding Egypt)....	1,665	23	4,498	928
Western Hemisphere.....	6,004	134	10,590	6,113
Total.....	430.6	678	133,463	70,878

¹ Includes Oceania.² Includes \$8,100,000 held by Japan.³ Includes Middle East and Asian countries.⁴ May not add due to rounding and due to the exclusion of loans and credits to worldwide organizations.⁵ May not add due to rounding.

○

BEST COPY AVAILABLE